

# Project Administration Manual

Project Number: 49191  
February 2016

Islamic Republic of Pakistan: Post-flood National  
Highways Rehabilitation Project

## **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Government of Pakistan and the National Highway Authority are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the National Highway Authority of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations the borrower and ADB shall agree to the PAM and ensure consistency with the Loan} agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

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## **Abbreviations**

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
CQS	=	consultant qualification selection
DMF	=	design and monitoring framework
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
LAR	=	land acquisition and resettlement
LIBOR	=	London interbank offered rate
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PIU	=	project implementation unit
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
TOR	=	terms of reference



## I. PROJECT DESCRIPTION

1. Pakistan's transport sector contributes about 10% to the country's gross domestic product, accounts for about 35% of total energy consumption annually, and receives 20%–25% of the annual federal public sector development program. It provides an estimated 2.3 million jobs (5.9% of the employed labor force). The total road network is about 263,000 km and consists of national highways (about 12,500 km), provincial highways (93,000 km), and district and urban roads (156,100 km).<sup>1</sup> Although comprising less than 5% of the total road network, the national highway network caters to 80% of commercial traffic. Despite the high reliance on road transport—accounting for 92% of passenger traffic and 96% of freight traffic in Pakistan—the quality of the road infrastructure is poor and causes severe capacity constraints.

2. Before 1995, Asian Development Bank (ADB) assistance to Pakistan had focused on improvement of rural access roads to ensure all-weather access to villages—to complement ADB's then focus on agriculture sector development. From 1995, the perspective was expanded to national connectivity for economic growth in general, and the ADB assistance started to cover provincial and national highways. Since 2005, ADB assistance has focused on the trade corridor and regional connectivity to help the government take advantage of its strategic location and act as a hub for subregional transport. Two multitranche financing facilities provided in 2005 and 2007 were designed to construct and/or improve key trade corridors connecting seaports, industrial centers, and border crossing points.<sup>2</sup>

3. In parallel with assistance for road infrastructure improvement, ADB has supported the government in addressing institutional constraints. ADB's program loan provided in 2001 for the national sector policy reform program assisted the NHA in implementing comprehensive reform programs covering (i) transport policy, (ii) road sector resource management, (iii) road sector preservation, (iv) institutional efficiency improvement, and (v) road safety.<sup>3</sup> Through institutional capacity development and institutional reforms, the NHA has become a capable road agency despite structural constraints. It managed to (i) establish the road maintenance fund and secure a stable source of road maintenance expenditure; (ii) establish the road asset management system, which allows more efficient use of scarce resources; (iii) establish the National Highway and Motorway Police, which contributes to controlling overloading and reducing traffic violations and accidents on motorways and national highways; (iv) promote awareness of policy makers and regulators on road safety; and (v) change the mindset of policy makers and NHA officials toward public–private partnerships.

4. Despite these achievements, sector reforms should continue, particularly to address (i) the shortfall in road maintenance resources generated from the road maintenance fund (the toll base should be expanded and the toll rate rationalized); (ii) overloading (the trucking industry should be restructured, as it is dominated by a small fleet of owners and by local manufacturers producing low-capacity, low-powered trucks protected by high import tariffs on high-capacity, multi-axle trucks); (iii) road safety (national and provincial efforts should be concerted, with responsibilities and accountability clearly demarcated among the institutions and provincial departments); and (iv) public–private partnership (the country risk should be reduced to a tolerable level for private investors to price it properly).

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1 ADB. 2015. *Country Partnership Strategy: Pakistan, 2015–2019*. Manila.

2 Multitranche Financing Facility of the National Highway Development Sector Improvement Project, and National Trade Corridor Highway Improvement Program.

3 ADB. 2001. *Report and Recommendation of the President to the Board of Directors on the Proposed Loans to Pakistan for Road Sector Development Program*. Manila.

5. The challenges faced by the transport sector have been exacerbated by the increasing frequency and severity of natural hazard events, and the potential impact of climate change. Since the 2000s, Pakistan has repeatedly been hit by a series of heavy monsoon rains, which caused severe flooding in nearly all parts of the country. Lowlands around the Indus River basin, the Chenab and Jhelum rivers, and along the coastline were the most heavily affected. Severe flooding not only caused death and displacement of people but also destroyed property, livelihoods, and infrastructure—particularly transport infrastructure. These natural disasters pose new challenges to the NHA, which is already overwhelmed by insufficient resources for road network development and maintenance, and sector reforms such as transferring scarce financial and human resources to for emergency recovery of damaged road networks in fragile flood-hit areas. As a result, it has become difficult to pursue the nationwide road network development strategy consistently since planning is frequently disrupted. ADB's timely emergency assistance to the government was in most cases, instrumental in rehabilitating destroyed property, and enabling communities to restore livelihoods.

6. The 2010 floods were the worst in Pakistan's history, affecting 100,000 square kilometers and 20 million people (more than a tenth of the country's population). They resulted in 1,800 deaths and caused an estimated \$10 billion in total damage. Immediately after the floods subsided, the government started the early recovery and restoration of basic services, housing, and livelihoods. Basic transport infrastructure and irrigation facilities were also badly damaged in 80 of the country's 110 districts across Balochistan, Khyber Pakhtunkhwa, Punjab, and Sindh. According to the damage and needs assessment report prepared by ADB and the World Bank in conjunction with federal and provincial government agencies 793 km of national highways (7% of the national highway network) were identified as requiring immediate rehabilitation to ensure their stability and public safety.<sup>4</sup>

7. In 2011, ADB approved the Flood Emergency Reconstruction Project in the amount of \$650 million to assist the government in the reconstruction and rehabilitation of national highways, provincial roads, irrigation and drainage, and flood protection infrastructure.<sup>5</sup> The emergency reconstruction project became effective on 26 May 2011 and was closed on 25 May 2015. The project was originally intended to rehabilitate 793 km of national highways, as identified by the damage and needs assessment report (which classified 383 km as partially damaged and 410 km as fully damaged). Upon completion of the detailed survey and design, however, the affected length of national highways was expanded to 1,044 km and 46 bridges. But the scope of the project was reduced to rehabilitate only 653 km of national highways. During implementation, the scope was further reduced to a prioritized length of 344 km, mainly because (i) bid prices were much higher than the estimates, (ii) considerable additional time was required to redesign some sections of the highways, and (iii) procurement was unsuccessful for some subprojects. The reduced scope of the project (i.e., 344 km) was completed when the loan was closed on 25 May 2015.<sup>6</sup> The NHA, through its own resources, is financing the reconstruction and/or repair of an additional 97 km.

8. The Government has not been able to secure funding for the remaining 212 km of damaged highway sections and 33 bridges, which should be rehabilitated immediately to avoid

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<sup>4</sup> ADB and the World Bank. 2010. *Pakistan Floods 2010: Preliminary Damage and Needs Assessment*. Islamabad.

<sup>5</sup> ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant to the Islamic Republic of Pakistan for the Flood Emergency Reconstruction Project*. Manila.

<sup>6</sup> Less 2 km under subproject ICB-N-03: Rehabilitation of Kohala–Muzaffarabad Road Package-1, for which work is ongoing, as a result of subsequent damage during the 2014 floods.



further damage and safety hazard. These roads and bridges are the only transport links for the local population, which is being temporarily served through makeshift arrangements such as Bailey bridges. ADB's post-flood assistance for the remaining 212 km of the damaged sections of the highways and 33 bridges will (i) expedite the economic and social recovery of the affected population from the floods and provide greater resilience to future floods, and (ii) ensure that the full development impact of the emergency reconstruction project is achieved and that ADB's intervention is effective. Apart from the recovery of damaged road infrastructure, the NHA's capacity to cope with such natural disasters and manage a quicker response for the early restoration of traffic and subsequent reconstruction and/or rehabilitation activities needs strengthening. Currently, NHA personnel perform this role on an ad hoc basis, without monitoring tools and specialized training in the management of road infrastructure in emergency situations. The NHA's disaster management capacity needs upgrading to be systematic, programmatic, and responsive.

9. Apart from its interventions in road infrastructure development in Pakistan, ADB has been active in post-natural-disaster emergency recovery initiatives in the country. In 2005, ADB supported the government's reconstruction efforts after the October 2005 earthquake through an emergency loan, grant, and technical assistance grant.<sup>7</sup> In 2011 and 2015, ADB assisted the government's reconstruction efforts after the 2010 and 2014 floods, respectively.<sup>8</sup> ADB gained valuable experience in implementing loans in response to natural disasters through these projects, including (i) designing projects with a manageable number of components and implementing agencies, (ii) ensuring the counterpart funding capacity and soundness of project costing, and (iii) adopting realistic time frames for land acquisition and resettlement activities.

## 1. Impact and Outcome

10. The impact of the rehabilitation project will be economic and social recovery in the affected areas of the 2010 floods. The outcome will be efficient and safe movement of traffic on the national highways and efficient management of traffic restoration in emergencies.

## 2. Outputs

11. The outputs will include (i) national highway network (including bridges) repaired and rehabilitated, and (ii) DMUs established and staff trained. These outputs will restore critical physical infrastructure to sustain livelihoods and access to markets, as well as build post-disaster traffic management capacity in the NHA. As NHA does not have the equipment or tools to monitor post-disaster traffic management, its post-disaster traffic management capacity will be strengthened under a proposed two-pronged strategy. First, one international individual consultant will be engaged to (i) assist NHA in preparing the necessary documentation and obtaining approvals for establishing DMUs; (ii) develop (for NHA approval) the standard operating procedures for DMUs; (iii) identify training sessions for NHA's nominated DMU staff through external training agency(ies) and/or individual accredited professionals; and (iv) identify

<sup>7</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Pakistan Earthquake Fund Grant, and Technical Assistance Grant to the Islamic Republic of Pakistan for the Earthquake Emergency Assistance Project*. Manila.

<sup>8</sup> ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant to the Islamic Republic of Pakistan for the Flood Emergency Reconstruction Project*. Manila; and ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Technical Assistance Grant to the Islamic Republic of Pakistan for the Flood Emergency Reconstruction and Resilience Project*. Manila.

software and/or hardware to be procured (provide the required details and specifications) for establishing DMUs. Second, (i) NHA's nominated operations and dedicated staff will be trained on post-disaster traffic management; and (ii) necessary hardware and/or software for the establishment of DMUs will be procured. NHA will retain the trained staff for post-disaster traffic management activities.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative Activities	Months (2016)										Responsibility
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
Advance contracting actions											NHA
Establish project implementation arrangements											NHA
Loan negotiations											ADB, EAD, NHA
ADB Board approval											ADB
Loan signing											ADB, EAD
Loan effectiveness											ADB, EAD
Mobilizing supervision consultant											NHA
Mobilizing contractors											NHA



### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations – Roles and Responsibilities

Project implementation organizations	Management Roles and Responsibilities
Project Steering Committees	<ul style="list-style-type: none"> <li>• Oversee progress and provide guidance on the PNHRP. Meet quarterly, with additional meetings as needed.</li> <li>• Composition of the NHA Project Steering Committee               <ul style="list-style-type: none"> <li>Chairman NHA (chair)</li> <li>Member (Engineering Coordination) NHA (member)</li> <li>Member (Planning) (member) NHA</li> <li>Member (Finance) (member) NHA</li> <li>Nominee of Economic Affairs Division (member)</li> <li>General Manager (PNHRP) NHA (Secretary / Co-opted member)</li> </ul> </li> </ul>
National Highway Authority	<ul style="list-style-type: none"> <li>• Ensure inclusion of counterpart funding request in the annual budget and timely provision of counterpart funds for project activities.</li> <li>• Establishment and staffing of PMU within the NHA, reporting to Member (Engineering Coordination), headed by General Manager, PNHRP; Project Director / Focal Person, and other staff members from NHA. The PMU will have overall responsibility for planning, coordination, project management, monitoring, overall reporting and approval of subprojects and activities according to the selection criteria, relating to post disaster traffic management support; and roads.</li> <li>• Implementation of all activities related to establishment and operation of ESUs.</li> <li>• Recruitment and supervision of project management consultants (PMC) and individual consultants</li> <li>• Procure civil works.</li> <li>• Supervise execution of civil works and payments to contractors.</li> <li>• Disseminate and publish procurements and contracts related information.</li> <li>• Maintain all project accounts, and accurate records of both financial and physical progress with regards to all project components.</li> <li>• Provide to the Asian Development Bank (ADB) in a timely manner quarterly and annual reports including annual financial statements duly audited as per the Loan Agreement.</li> <li>• Carry out monitoring and evaluation regularly and on time.</li> <li>• Open and Operate imprest account as per ADB Handbook on Loan Disbursement.</li> <li>• Processing of eligible payments related to activities of the PMU and PIUs.</li> <li>• Ensure that the subprojects proposals are compliant to environmental and social safeguard requirements of ADB.</li> <li>• Recruit and supervise all incremental staff for PCU as well as data clearing house in NHA.</li> <li>• Prepare the necessary documentation and approvals for establishing DMUs</li> <li>• develop (for NHA's approval) the standard operating procedures for DMUs</li> <li>• identify appropriate trainings for NHA's nominated DMU staff through external training agency(ies) and / or individual professionals</li> </ul>

Project implementation organizations	Management Roles and Responsibilities
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	<p>accredited to impart the requisite trainings</p> <ul style="list-style-type: none"> <li>• identify appropriate software / hardware to be procured for establishing DMUs</li> <li>• Procure computer hardware, software and other equipment for PMU, PIUs.</li> <li>• Establish a data clearing house within the NHA for interfacing of the DMUs database generated linking it with all relevant line departments with the advice to use it as a planning and monitoring tool so that the DMUs can be mainstreamed in the development cycle.</li> <li>• Prepare, implement, and monitor safeguards in accordance with the LARF and EARF, ADB's SPS, Loan Agreement and the Project Agreements.</li> <li>• Establish a grievance redress mechanism.</li> <li>• Conduct spot checks for physical verification of safeguards compliance and complete checklists for each subproject.</li> </ul>
Asian Development Bank	<ul style="list-style-type: none"> <li>• Provide technical and financial support and oversight in accordance with loan agreement.</li> <li>• Provide guidance and assistance to EA/PMUUs throughout project implementation to ensure smooth and timely implementation of the project in accordance with the Loan and Project Agreements.</li> <li>• Review all documents that require ADB approval.</li> <li>• Conduct requisite loan review missions, including mid-term review and project completion missions.</li> <li>• Monitor compliance with loan covenants, social and environmental safeguards and technical and financial requirements.</li> <li>• Ensure timely processing of withdrawal applications and release eligible funds.</li> <li>• Review audit reports and ensure compliance with financial audit recommendations.</li> <li>• Review project performance reports and provide advice and guidance to EA/IA/PMUs/PIUs, as required.</li> <li>• Update eOps and comply with ADB disclosure requirements.</li> </ul>

## B. Key Persons Involved in Implementation

### Executing Agency

National Highway Authority

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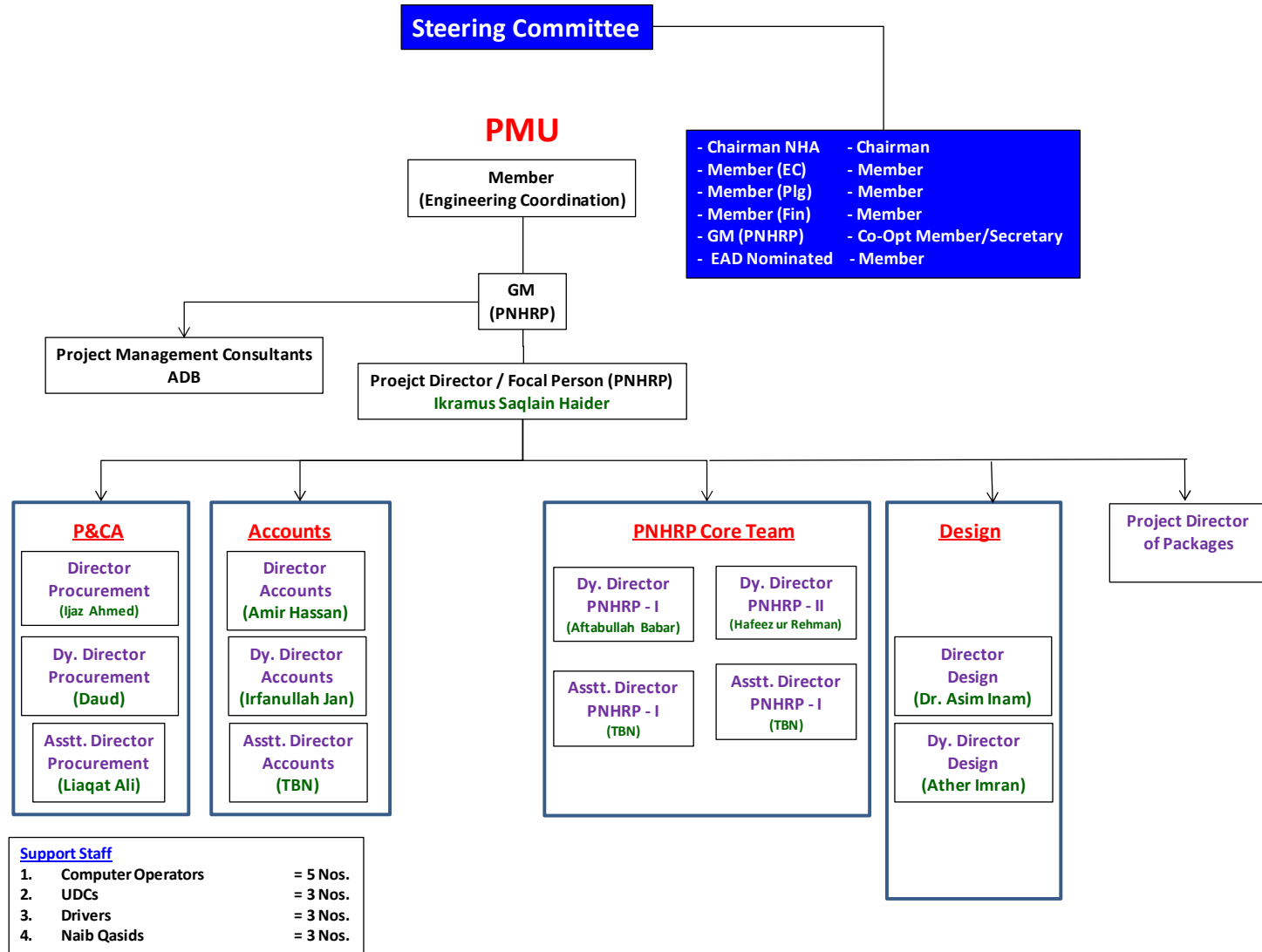
Pakistan Resident Mission

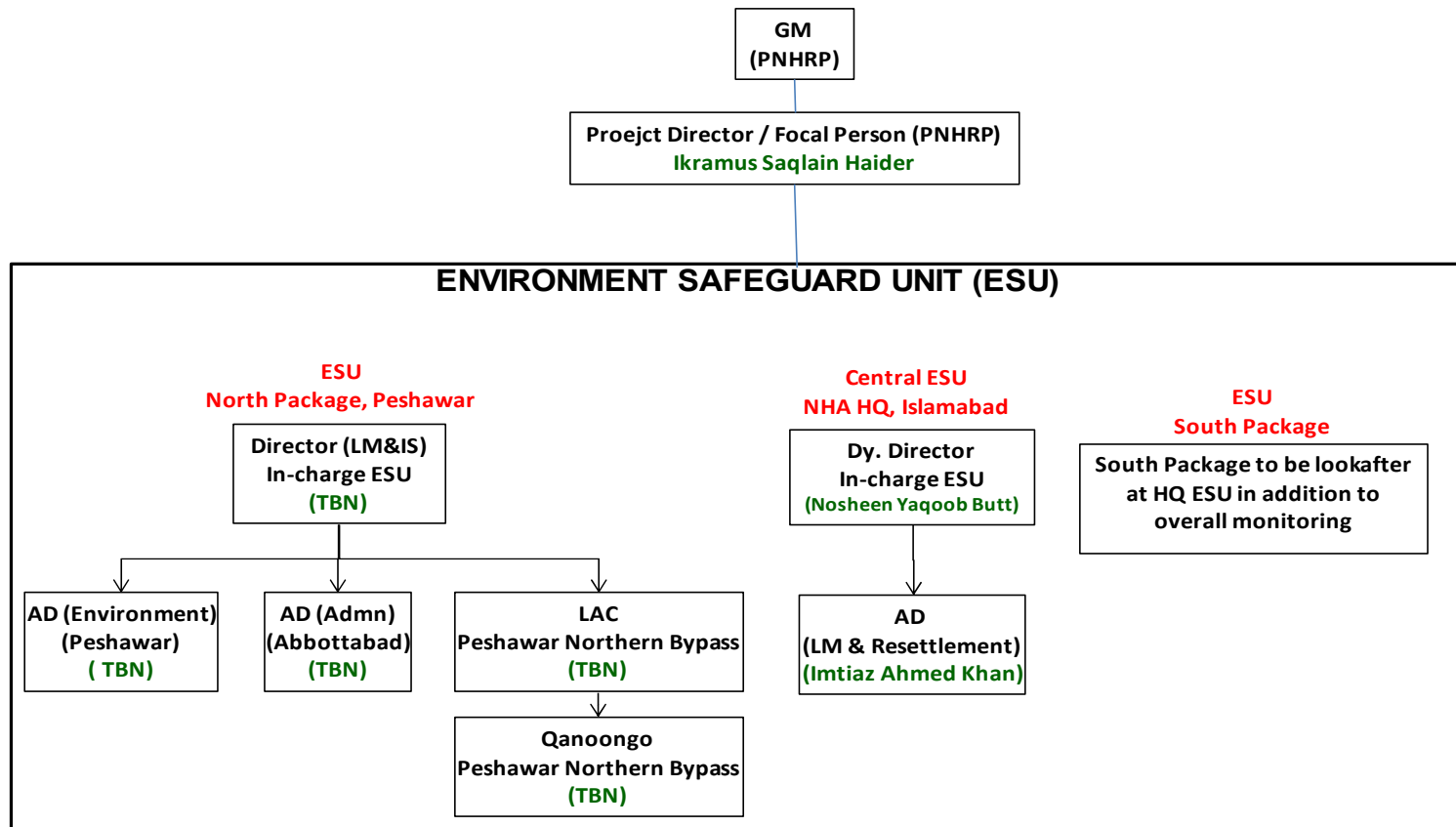
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C. Project Organization Structure







## D. Detailed Project Implementation Arrangements

12. NHA will be the executing agency (EA). NHA has been implementing ADB-funded road projects and has acquired the necessary capacity to manage project implementation. The Chairman of NHA will be responsible for overall supervision of the project. The EA will establish a project steering committee (PSC) to provide policy direction and strategic oversight. The PSC will meet at least quarterly to ensure coordination, review implementation progress, and provide approvals and guidance as necessary.

13. The EA will establish a project steering committee (PSC) to provide policy direction and strategic oversight, and inter-agency coordination. The PSC will meet at least quarterly, to review implementation performance, approve annual plans and advise on policy level actions. The proposed composition of the steering committee is provided below:

### Project Steering Committee

- Chairman NHA - Chair of the Steering Committee
- Member (Engineering Coordination) - Member
- Member (Planning) - Member
- Member (Finance) - Member
- Nominee of EAD - Member
- GM (PNHRP) - Secretary / Co-opted Member

14. The project management unit (PMU), established and staffed earlier under FERP,<sup>9</sup> will continue to be responsible for the day-to-day management of the PNHRP, through the project management consultants (PMC). Similarly, the Environment and Social Unit (ESU), already established within the PMU, will continue to fulfill safeguard requirements. Financial management, safeguards management, and contract administration and project implementation capacity will be augmented through individual consultants recruited under the loan. Proposed composition of the PMU is detailed in the PAM. Within NHA, Procurement and Contract Administration (P&CA) department will coordinate and undertake the procurement activity. PMU dedicated core staff members will be responsible for coordination, financial control, record keeping, payments, procurements, safeguards, and reporting.

15. The NHA will also be responsible for the implementation of the post-disaster traffic management capacity building; which will, in the initial stage of the project, include recruitment of a loan financed international consultant, who will (i) assist NHA in preparing the necessary documentation and approvals for establishing DMUs; (ii) develop (for NHA's approval) the standard operating procedures for DMUs; (iii) identify appropriate trainings for NHA's nominated DMU staff through external training agency(ies) and / or individual professionals accredited to impart the requisite trainings; and (iv) identify appropriate software / hardware to be procured for establishing DMUs. Subsequently, in the later stage of the project, NHA's nominated operational and dedicated staff will be provided the specialized training, as well as the necessary hardware / software will be procured for the establishment of DMUs. The trained staff will be retained by NHA for post-disaster traffic management activities.

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<sup>9</sup> PMU for FERP is staffed and functional till the end of defects notification period for the contracts under FERP, i.e. till June 2016. NHA has confirmed that the same PMU will be retained to continue the implementation of the proposed project.

16. The following table presents the proposed composition of the PMU and PIU:

**NHA- PMU**

<b>Title</b>	<b>Positions</b>
Member Engineering Coordination	1
General Manager (from existing department)	1
Project Director (from existing department)	1
Director / Deputy / Assistant Director Procurement (from existing department)	3
Director / Deputy / Assistant Director Accounts (from existing department)	3
Director / Deputy / Assistant Director Design (from existing departments )	2
Procurement & Contract Administration Specialist (Loan Consultant)	1
Financial Management Specialist (Loan Consultant)	1
Social Safeguards Specialist (Loan Consultant)	1
Monitoring & Evaluation Specialist (Loan Consultant)	1
Administrative support staff	14

## IV. COSTS AND FINANCING

### A. Detailed Cost Estimates by Expenditure Category

	\$ million			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	
<b>A. Investment Cost<sup>a</sup></b>				
1. Civil Works	32.7	130.7	163.4	86.0
2. Consulting Services <sup>b</sup>	3.0	6.6	9.5	5.0
a. Project Management	2.6	6.0	8.5	4.5
b. Implementation Support	0.4	0.6	1.0	0.5
3. Capacity Development for Disaster Management <sup>b</sup>	0.6	1.0	1.5	0.8
a. Establishment of Disaster Management Unit	0.2	0.4	0.5	0.3
b. Training	0.4	0.6	1.0	0.5
4. Incremental Project Administrative Cost <sup>b</sup>	0.0	1.7	1.7	0.9
5. Taxes and Duties	0.0	13.9	13.9	7.3
<b>Total Base Cost (A)</b>	<b>36.2</b>	<b>153.8</b>	<b>190.0</b>	<b>100.0</b>
<b>B. Contingencies<sup>c</sup></b>				0.0
1. Physical	3.3	14.5	17.7	9.3
2. Price	0.7	3.1	3.8	2.0
<b>Subtotal (B)</b>	<b>4.0</b>	<b>17.6</b>	<b>21.6</b>	<b>11.3</b>
<b>C. Financial Charges during Construction<sup>d</sup></b>				
1. Interest during Implementation	6.5	0.0	6.5	3.4
2. Commitment Charge	0.7	0.0	0.7	0.4
<b>Subtotal (C)</b>	<b>7.2</b>	<b>0.0</b>	<b>7.2</b>	<b>3.8</b>
<b>Total Project Cost (A+B+C)</b>	<b>47.4</b>	<b>171.4</b>	<b>218.8</b>	<b>115.2</b>

<sup>a</sup> In June 2015 prices.

<sup>b</sup> Net of taxes and duties

<sup>b</sup> Physical contingencies computed at 10% for civil works. Price contingencies computed at 1.4-1.5% on foreign exchange costs and at 5.5-6.0% on local currency costs includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>c</sup> Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.50%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

**B. Allocation and Withdrawal of Loan Proceeds**

Number	Item	Total Amount Allocated for ADB Financing (\$)		Percentage and Basis for Withdrawal from the Loan Accounts
		Category	Subcategory	
1	Civil Works	163,400,000		92.2% of total expenditure claimed
2	Capacity Development for Disaster Management	1,500,000		100% of total expenditure claimed*
3	Consulting Services	9,500,000		100% of total expenditure claimed*
4	Incremental Management Costs	1,700,000		100% of total expenditure claimed
5	Financing Charges During Implementation	7,200,000		100% of amount due
6	Unallocated	13,600,000		
<b>Total</b>		<b>196,900,000</b>		

\*exclusive of taxes and duties imposed within the territory of the Borrower.

### C. Detailed Cost Estimates by Financier

	ADB		Government		Total Cost
	Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category	
<b>A. Investment Cost<sup>a</sup></b>					
1. Civil Works	163.4	92.2	13.9	7.8	177.3
2. Consulting Services <sup>b</sup>	9.5	100.0	0.0	0.0	9.5
a. Project Management	8.5	100.0	0.0	0.0	8.5
b. Implementation Support	1.0	100.0	0.0	0.0	1.0
3. Capacity Development for Disaster Management <sup>b</sup>	1.5	100.0	0.0	0.0	1.5
a. Establishment of Disaster Management Unit	0.5	100.0	0.0	0.0	0.5
b. Training	1.0	100.0	0.0	0.0	1.0
4. Incremental Project Administrative Cost <sup>b</sup>	1.7	100.0	0.0	0.0	1.7
<b>Total Base Cost (A)</b>	<b>176.1</b>	<b>92.7</b>	<b>13.9</b>	<b>7.3</b>	<b>190.0</b>
<b>B. Contingencies<sup>c</sup></b>					
1. Physical	13.6	76.7	4.1	23.3	17.7
2. Price	0.0	0.0	3.8	100.0	3.8
<b>Subtotal (B)</b>	<b>13.6</b>	<b>63.1</b>	<b>8.0</b>	<b>36.9</b>	<b>21.6</b>
<b>C. Financial Charges during Construction<sup>d</sup></b>					
1. Interest during Implementation	6.5	100.0	0.0	0.0	6.5
2. Commitment Charge	0.7	100.0	0.0	0.0	0.7
<b>Subtotal (C)</b>	<b>7.2</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.2</b>
<b>Total Project Cost (A+B+C)</b>	<b>196.9</b>	<b>90.0</b>	<b>21.9</b>	<b>10.0</b>	<b>218.8</b>

<sup>a</sup> In June 2015 prices.

<sup>b</sup> Net of taxes and duties

<sup>c</sup> Physical contingencies computed at 10% for civil works. Price contingencies computed at 1.4-1.5% on foreign exchange costs and at 5.5-6.0% on local currency costs includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.50%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

#### D. Detailed Cost Estimates by Outputs/Components

	Total Cost (\$ million)	Highway Rehabilitation		Capacity Development	
		Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category
<b>A. Investment Cost<sup>a</sup></b>					
1. Civil Works	163.4	163.4	100.0	0.0	0.0
2. Consulting Services <sup>b</sup>	9.5	9.5	100.0	0.0	0.0
a. Project Management	8.5	8.5	100.0	0.0	0.0
b. Implementation Support	1.0	1.0	100.0	0.0	0.0
3. Capacity Development for Disaster Management <sup>b</sup>	1.5	0.0	0.0	1.5	100.0
a. Establishment of Disaster Management Unit	0.5	0.0	0.0	0.5	100.0
b. Training	1.0	0.0	0.0	1.0	100.0
4. Incremental Project Administrative Cost <sup>b</sup>	1.7	1.7	100.0	0.0	0.0
5. Taxes and Duties	13.9	13.9	100.0	0.0	0.0
<b>Total Base Cost (A)</b>	<b>190.0</b>	<b>188.5</b>	<b>99.2</b>	<b>1.5</b>	<b>0.8</b>
<b>B. Contingencies<sup>c</sup></b>					
1. Physical	17.7	17.7	100.0	0.0	0.0
2. Price	3.8	3.8	100.0	0.0	0.0
<b>Subtotal (B)</b>	<b>21.6</b>	<b>21.6</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>
<b>C. Financial Charges during Construction<sup>d</sup></b>					
1. Interest during Implementation	6.5	6.5	99.3	0.0	0.7
2. Commitment Charge	0.7	0.7	99.3	0.0	0.7
<b>Subtotal (C)</b>	<b>7.2</b>	<b>7.2</b>	<b>99.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Project Cost (A+B+C)</b>	<b>218.8</b>	<b>217.2</b>	<b>99.3</b>	<b>1.5</b>	<b>0.7</b>

<sup>a</sup> In June 2015 prices.

<sup>b</sup> Net of taxes and duties

<sup>c</sup> Physical contingencies computed at 10% for civil works. Price contingencies computed at 1.4-1.5% on foreign exchange costs and at 5.5-6.0% on local currency costs includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.50%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

## E. Detailed Cost Estimates by Year

	Total Cost (\$ million)	2016	2017	2018	2019
<b>A. Base Cost<sup>a</sup></b>					
1. Civil Works	163.4	24.5	32.7	49.0	57.2
2. Consulting Services <sup>b</sup>	9.5	1.9	2.4	2.9	2.4
a. Project Management	8.5	1.7	2.1	2.6	2.1
b. Implementation Support	1.0	0.2	0.3	0.3	0.3
3. Capacity Development for Disaster Management <sup>b</sup>	1.5	0.3	0.4	0.5	0.4
a. Establishment of Disaster Management Unit	0.5	0.1	0.1	0.2	0.1
b. Training	1.0	0.2	0.3	0.3	0.3
4. Incremental Project Administrative Cost <sup>b</sup>	1.7	0.3	0.4	0.5	0.4
5. Taxes and Duties	13.9	2.1	2.8	4.2	4.9
<b>Total Base Cost (A)</b>	<b>190.0</b>	<b>29.1</b>	<b>38.6</b>	<b>57.0</b>	<b>65.2</b>
<b>B. Contingencies<sup>c</sup></b>					
1. Physical	17.7	0.0	0.0	0.0	17.7
2. Price	3.8	0.0	0.0	0.0	3.8
<b>Subtotal (B)</b>	<b>21.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>21.6</b>
<b>C. Financial Charges during Construction<sup>d</sup></b>					
1. Interest during Implementation	6.5	0.3	1.0	1.9	3.3
2. Commitment Charge	0.7	0.3	0.2	0.2	0.1
<b>Subtotal (C)</b>	<b>7.2</b>	<b>0.6</b>	<b>1.2</b>	<b>2.1</b>	<b>3.4</b>
<b>Total Project Cost (A+B+C)</b>	<b>218.8</b>	<b>29.7</b>	<b>39.8</b>	<b>59.1</b>	<b>90.2</b>
<b>% of Total Project Cost</b>	<b>100.0</b>	<b>13.6</b>	<b>18.2</b>	<b>27.0</b>	<b>41.2</b>

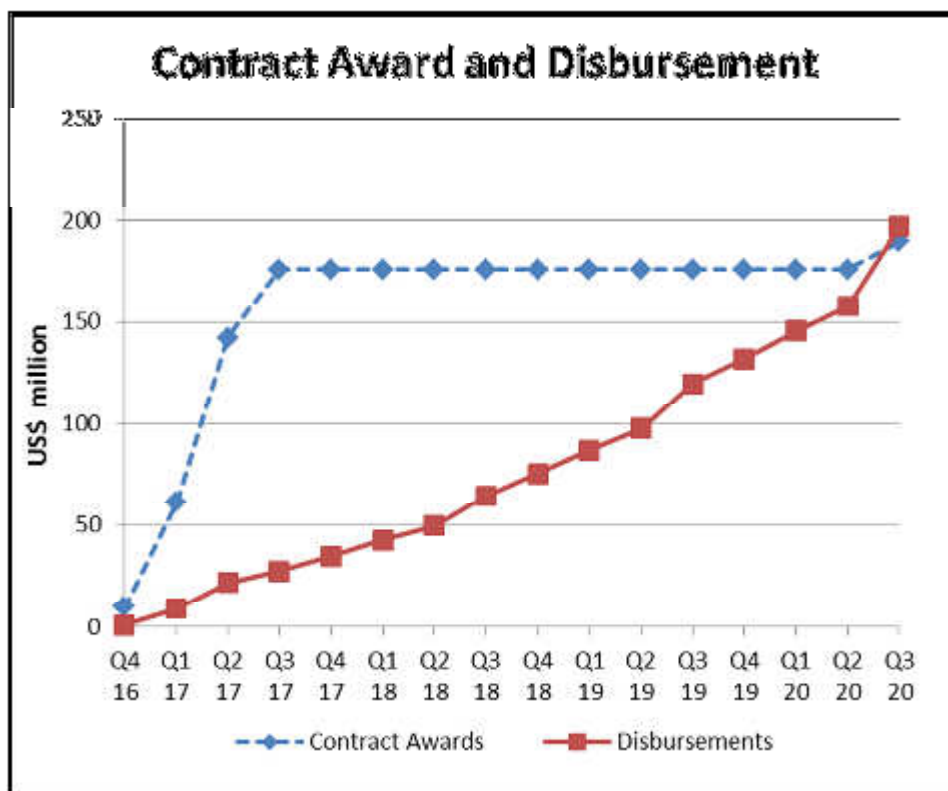
<sup>a</sup> In June 2015 prices.

<sup>b</sup> Net of taxes and duties

<sup>c</sup> Physical contingencies computed at 10% for civil works. Price contingencies computed at 1.4-1.5% on foreign exchange costs and at 5.5-6.0% on local currency costs includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.50%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

## F. Contract and Disbursement S-curve



### 1. Projections for Contract Award (\$ million)

	Contract Award				
	Q1	Q2	Q3	Q4	Total
2016				9.6	9.6
2017	51.5	81.0	34.0	0	166.5
2018	0	0	0	0	0.0
2019	0	0	0	0	0.0
2020	0	0	13.6	0	13.6
Total	51.5	81.0	47.6	9.6	189.7

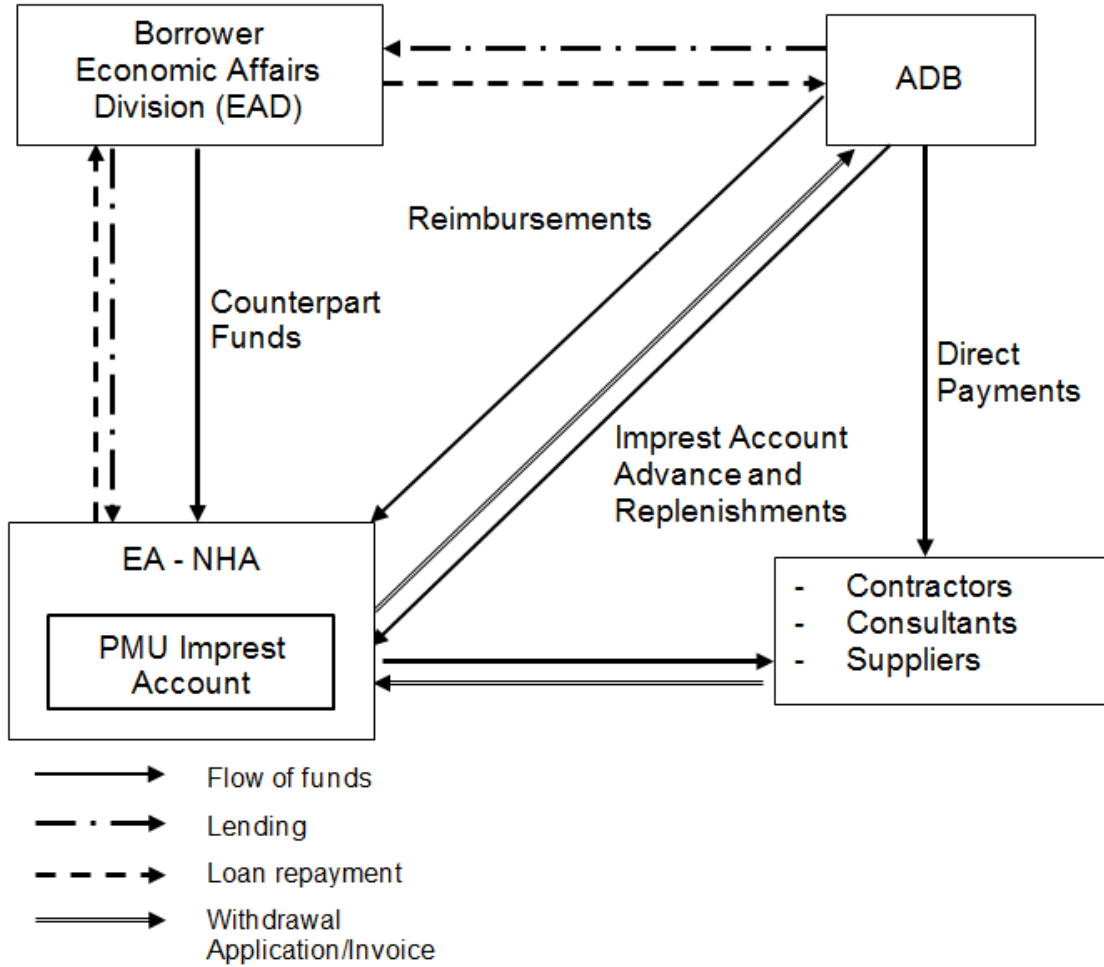
### 2. Projections for Disbursement (\$ million)

	Disbursement				
	Q1	Q2	Q3	Q4	Total
2016				0.8	0.8
2017	8.3	12.8	5.7	7.2	34.0
2018	7.8	7.2	14.8	10.7	40.5
2019	11.6	10.7	22.0	12.1	56.4
2020	13.8	12.1	39.3	0	65.2
Total	41.5	42.8	81.8	30.8	196.9



**G. Fund Flow Diagram**

Fund Flow of the PNHRP is summarized in the diagram below, and will be followed by NHA:



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

20. The financial management assessment (FMA) was conducted in May 2015 in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects and Financial Due Diligence: a Methodology Note. The FMA considered the financial management capacity of the National Highway Authority (NHA) which included the funds-flow arrangements, staffing, accounting and financial reporting systems, internal and external auditing arrangements, and financial information systems.

21. Key financial management assessment findings are as follows:

**Table 1: Summary of the Financial Management Assessment**

Particulars	Conclusions
<b>A. Funds Flow Arrangements</b>	Funds flow arrangements are adequate and provision of counterpart funds to NHA has improved but still likely to pose a challenge. Nonetheless, NHA has enough capability and experience to efficiently operate under the ongoing project.
<b>B. Staffing</b>	NHA accounting and finance staff has experience and knowledge of ADB's financial management and disbursement procedures. The accounting and finance staff got training from ADB relating to ADB's disbursement and financial management.
<b>C. Accounting Policies and Procedures</b>	NHA's accounting policy is based on the Pakistan National Accounting Standards which are in line with International Accounting Standards.
<b>D. Internal and External Audits</b>	NHA's internal audit department undertakes the required internal auditing of the project. NHA's Annual financial statement are audited by a commercial auditor while Audited Project Financial Statement (APFS) are audited by Auditor General of Pakistan (AGP) on an annual basis in accordance with the ISA, which complies with the requirements of ADB.
<b>E. Reporting and Monitoring</b>	NHA comply with the reporting requirements of the MOF, and other government bodies. NHA requested the training for preparation of Initial IPSAS compliant APFS, which was conducted in Sep 2015.

ADB = Asian Development Bank; IPSAS = International Public Sector Accounting Standards; ISA = International Standards on Auditing; NHA = National Highway Authority

22. Risk Analysis: A Financial Management Assessment was conducted which considered existing circumstances, staffing and procedures, and includes recommendations for risk mitigation measures. Based on the assessment, it is concluded that the overall project financial management pre-mitigation risk is Moderate. During the implementation phase, the PMU might face unavailability or delay in the release of counterpart funds for the project. The accounting and finance staff are experienced with ADB-funded project and adequately trained. The assessment of financial management capacity confirmed NHA has no financial management deficiencies relating to maintaining the accounting systems, financial controls, and audit arrangements.

**Table 2: Risk Assessment and Mitigation Measures**

<b>Risk</b>	<b>Risk Assessment*</b>	<b>Risk–Mitigation Measures</b>
<i>Inherent Risk</i>		
1. Country-specific Risks	S	MOC and NHA will ensure the timely release of counterpart funds, as per loan covenants. EAD will mobilize IFI funding for government’s portion of the project financing.
2. Entity-specific Risks	M	Training of PIU staff on ADB procedures will be carried out.
<b>Overall Inherent Risk</b>	<b>M</b>	
<i>Control Risk</i>		
1. Implementing Entity	M	Adequate organizational capacity augmentation with the further training programs.
2. Funds Flow	M	All disbursement will be made through direct payment, reimbursement, and imprest fund procedures to contractors and consultant.
3. Staffing	M	Dedicated and qualified accounting and financial management staff with extensive experience of ADB’s procedures.
4. Accounting Policies and Procedures	M	Accounting Policy is in line with the national and international accounting standards and meets the requirements of ADB.
5. Internal Audit	M	NHA’s internal auditor will audit project financial statements.
6. External Audit	M	Audit of the project financial statements will be done in accordance with the International Standards on Auditing, by an independent auditor acceptable to ADB.
7. Reporting and Monitoring	M	PMU will regularly report in accordance with ADB requirements on inherent adequate control mechanisms. Timeliness of such reports will be ensured through regular monitoring and follow-up actions by ADB.
<b>Overall Control Risk</b>	<b>M</b>	

\* H – High, S – Substantial, M – Moderate, N – Negligible or Low.

ADB = Asian Development Bank; EAD = Economic Affairs Division; IFI = International Financial Institution; MOC = Ministry of Communication; NHA = National Highway Authority; PIU = project management unit.

Source: ADB estimate.

## **B. Disbursement**

23. The Loan proceeds will be disbursed in accordance with ADB’s Loan Disbursement Handbook (2015, as amended from time to time),<sup>10</sup> and detailed arrangements agreed upon between the Government and ADB. Online training for project staff on disbursement policies and procedures is available at [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning). Project staff are encouraged to avail this training to help ensure efficient disbursement and fiduciary control.

24. NHA will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to ADB. Before the submission of the first withdrawal application, the government shall submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000 equivalent. Individual payments below this

<sup>10</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

amount should be paid by NHA and subsequently claimed from ADB through reimbursement, unless otherwise accepted by ADB.

25. Immediately after loan effectiveness, the EA will open an imprest account at the designated branch of National Bank of Pakistan in Islamabad in accordance with Finance Division Procedures.<sup>11</sup> The imprest account is to be used exclusively for ADB's share of eligible expenditures which will be in US Dollar. Imprest account will be established, managed, and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed by the EA and ADB. ADB's Loan Disbursement Handbook describes which supporting documents should be submitted to ADB and which should be retained by the EA for liquidation and replenishment of an Imprest account. The request for initial advance to the imprest account should be accompanied by an Estimate of Expenditure Sheet<sup>12</sup> setting out the estimated expenditures for the first six (6) months of project implementation. The total outstanding advance to the imprest account should not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming 6 months. For every liquidation and replenishment request of the imprest account, the EA will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the EA's records.<sup>13</sup>

26. The statement of expenditure (SOE) procedure will be used to reimburse eligible expenditure and to liquidate and replenish the imprest account. SOE records should be maintained by the EA, and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.<sup>14</sup>

### **C. Accounting**

27. NHA will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. NHA will prepare project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

### **D. Auditing**

28. NHA will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by NHA.

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<sup>11</sup> Any bank charges will be financed from the loan, in line with OM H3 requirement.

<sup>12</sup> Available in Appendix 29 of the *Loan Disbursement Handbook*.

<sup>13</sup> Follow the format provided in Appendix 30 of the *Loan Disbursement Handbook*.

<sup>14</sup> Checklist for SOE procedures and formats are available at:

[http://www.adb.org/documents/handbooks/loan\\_disbursement/chap-09.pdf](http://www.adb.org/documents/handbooks/loan_disbursement/chap-09.pdf)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-100-Below.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-100-Below.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Contracts-Over-100.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Contracts-Over-100.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Operating-Costs.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Operating-Costs.xls)

[http://www.adb.org/documents/handbooks/loan\\_disbursement/SOE-Free-Format.xls](http://www.adb.org/documents/handbooks/loan_disbursement/SOE-Free-Format.xls)

29. NHA will also cause the entity-level financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited entity-level financial statements, together with the auditors' report and management letter, will be submitted in the English language to ADB within one month after their approval by the competent authority.

30. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project.

31. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

32. The Government and NHA have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>15</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

33. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011)<sup>16</sup>. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

34. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Guidelines (April 2015, as amended from time to time) (ADB's Procurement

<sup>15</sup> ADB approach and procedures regarding delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

<sup>16</sup> Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

Guidelines)<sup>17</sup> and ADB's Guidelines on the Use of Consultants (March 2013, as amended from time to time) (ADB's Guidelines on the Use of Consultants).<sup>18</sup> The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower and NHA have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project. Within NHA, Procurement and Contract Administration (P&CA) department will coordinate and undertake the procurement activity.

35. A project procurement risk assessment of the NHA was undertaken for P-48402 National Motorway M-4 Gojra-Shorkot Section Project. The same assessment will be referred to for this project. The report assesses the procurement risk as "Moderate". The overall project procurement risk is classified as B. The procurement consultant will assist in timely preparation of procurement documents and avoid delays through strong coordination between various departments.

36. **Advance contracting.** Advance contracting of works and consulting services will be undertaken in conformity with ADB's Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time, respectively). The issuance of invitation for bids and subsequent documentation including bid evaluation reports etc. will be subject to ADB's prior review and approval. The borrower and the EA have been advised that approval of advance contracting does not commit ADB to finance the project.

37. **Retroactive financing.** For individual consultants engaged by NHA, a maximum amount of \$250,000, the equivalent of 0.13% of the total ADB loan amount, would be considered for Retroactive Financing, incurred before loan effectiveness, but not more than 12 months before the signing of the loan agreement.

## **B. Procurement of Goods, Works and Consulting Services**

38. The procurement of goods, works, and consultant selection will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time, respectively). An initial procurement plan has been prepared for the project and is set out in Part C of this section. All packages mentioned below were originally included in the approved procurement plan of FERP. The contracts were packaged based on the assessment of site area in view of (i) construction season; and (ii) geographical location. In this procurement plan, out of total 17 civil works packages, 3 will be procured through international competitive bidding (ICB) and 14 will be procured through national competitive bidding (NCB). Regardless of ICB or NCB method, all civil works packages valuing \$10 million and above will be subject to ADB's prior review; remaining packages will be subject to ADB's post review in accordance with ADB's Procurement Guidelines (April 2015, as amended from time to time).

39. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants.<sup>19</sup> The terms of reference for all consulting services are detailed in Section D. A consulting firm will be recruited to provide construction supervision through the quality- and cost-based selection (QCBS) method based on 90:10 ratio. Individual consultants will be recruited to provide implementation support to the EA in various areas including procurement,

<sup>17</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>18</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

<sup>19</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

contract administration, resettlement and social safeguards and financial management etc. The NHA's PMU will ensure that all contracts are awarded on time. One international individual consultant will be engaged to augment NHA's post-disaster traffic management capacity. He will (i) assist NHA in preparing the necessary documentation and approvals for establishing DMUs; (ii) develop (for NHA's approval) the standard operating procedures for DMUs; (iii) identify appropriate trainings for NHA's nominated DMU staff through external training agency(ies) and/or individual professionals accredited to impart the requisite trainings; identify training agency(ies); (iv) identify appropriate software/hardware to be procured (provide all the required details/specifications) for establishing DMUs; (v) train NHA's nominated operational and dedicated staff; and (vi) procure necessary hardware / software for the establishment of DMUs. The trained staff will be retained for a period of 3 years by NHA for post-disaster traffic management activities.

40. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

### C. Procurement Plan

<b>Project Name:</b> Post-flood National Highways Rehabilitation Project	
<b>Project Number:</b> P49191	<b>Approval Number:</b>
<b>Country:</b> PAKISTAN (Federal)	<b>Executing Agency:</b> National Highway Authority (NHA)
<b>Project Procurement Classification:</b> B	<b>Implementing Agency:</b> National Highway Authority
<b>Procurement Risk:</b> Moderate	
<b>Project Financing Amount:</b> \$ 196.9 Million <b>ADB Financing:</b> \$196.9 Million <b>Cofinancing (ADB Administered):</b> <b>Non-ADB Financing:</b>	<b>Project Closing Date:</b> 30 September 2020
<b>Date of First Procurement Plan:</b> October 2015	<b>Date of this Procurement Plan:</b> February 2016

#### 1. Methods, Thresholds, Review and 18-Month Procurement Plan

##### 1.1 Procurement and Consulting Methods and Thresholds

41. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

<b>Procurement of Goods and Works</b>		
<b>Method</b>	<b>Threshold</b>	<b>Comments</b>
International Competitive Bidding (ICB) for Works	\$15,000,000	
International Competitive Bidding for Goods	\$2,000,000	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	First NCB contract is subject to prior review
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	----do---
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

<b>Consulting Services</b>	
<b>Method</b>	<b>Comments</b>
Quality and Cost Based Selection (QCBS)	90:10
Quality Based Selection	
Consultants' Qualifications Selection	
Least-Cost Selection	
Fixed Budget Selection	
<b>Individual Consultant Selection (ICS)</b>	



## 1.2 Goods and Works Contracts Estimated to Cost \$1 Million or More

42. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value \$ (M)	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Adv Date (quarter/year)	Comments
<b>Package 1</b> Rehabilitation of National Highways Bahrian - Kalam (N-95)	Lot 1: Bahrain - Chimgarh Km. 97+310-108+675 (11.365 Km)	20.4	ICB	Prior	1S2E	Q1 2016	Advance contracting
	Lot 2: Chimgarh – Asrit Km. 108+675-117+250 (8.575 Km)	20.8					
	Lot 3: Asrit - Pashmal Km. 117+250 – 125+800 (8.550 km)	12.9					
	Lot 4: Pashmal - Kalam Km. 125+800 – 132+675 (6.875 km)	10.5					
	<b>Total</b>	<b>\$ 64.6 (M)</b>					
<b>Package 2</b> Rehabilitation of National Bridges Chakdara-Kalam (N-95)	Lot 1: Chakdara - Bahrain (Bridge Package) Km. 00-106 (11 New Bridges)	6.5	NCB	Post	1S2E	Q2 2016	Advance contracting
	Lot 2: Bahrain - Kalam (Bridge Package) Km. 106-134 (12 New Bridges)	7.3					
	<b>Total</b>	<b>\$ 13.8 (M)</b>					
<b>Package 3</b> Rehabilitation of National Highways & Bridges Naran - Jalkhad (N-15)	Lot 1: Naran – Batakundi Km.123-139+21 (16.21 km incl. 2 New bridges)	7.9	NCB	Post	1S2E	Q2 2016	Advance contracting
	Lot 2: Batakundi - Jalkhad Km. 139+21 – 161+89 (22.68 km incl. 2 New Bridges)	8					
	<b>Total</b>	<b>\$ 15.9 (M)</b>					

Package Number	General Description	Estimated Value \$ (M)	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Adv Date (quarter/year)	Comments
<b>Package 4</b> Rehabilitation of National Highways Dhanasar – Daraban (N-50)	Lot 1: Darzinda – Daraban Km. 447-457+680 (10.68 km)	5.7	ICB	Prior	1S2E	Q1 2016	Advance Contracting
	Lot 2: Dhanasar – Sheikhmela Km. 388- 427 (39 km)	33					
	<b>Total</b>	<b>\$ 38.7 (M)</b>					
<b>Package 5</b> Rehabilitation of National Highways D. I. Khan - Sarai Gambila – Daraban (N-55)	Lot 1: D.I. Khan - Sarai Gambila Km. 932-1032 (20 km)	7.8	NCB	Post	1S2E	Q2 2016	ADB bidding documents for large works
	Lot 2: Sarai Gambila – Peshawar Km. 1032-1228 (19 km)	8.8					
	<b>Total</b>	<b>\$ 16.6 (M)</b>					
<b>Package 6</b> Rehabilitation of National Highways & Bridges Fazilpur – D. I Khan (N-55)	Lot 1: Fazilpur – Taunsa Km. 640-806 (9.67 km incl. 3 New Bridges)	5.5	NCB	Post	1S2E	Q2 2016	ADB bidding documents for large works
	Lot 2: Taunsa – Ramak Km. 806-862 (3 km incl. 3 New Bridges)	3.9					
	Lot 3: Ramak - D.I. Khan Km. 872-932 (13 km)	6.9					
	<b>Total</b>	<b>\$ 16.3 (M)</b>					
<b>Package 7</b> Rehabilitation of National Highways – Kandhkot – Kashmore (N-55)	Lot 1: Kandhkot – Kashmore Km. 469-485 (16 km)	8.1	NCB	Post	1S2E	Q2 2016	ADB bidding documents for large works
	Lot 2: Rojhan - Chak Karya Km.540+500 – 547+500 (7 km)	3.3					
	<b>Total</b>	<b>\$ 11.4 (M)</b>					

### 1.1 Consulting Services Contracts Estimated to Cost \$100,000 or More

43. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value \$ (M)	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
Con Sup	Construction Supervision Consultants	8.5	QCBS (90:10)	Prior	Q1 2016	FTP	

### 1.2 Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

44. The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value \$ (M)	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
Equipment for DMUs	Various equipment (software/hardware) to be identified by the international consultant during implementation	0.5	multiple	Shopping/NCB	Prior	1S1E	Q3 2017	

Consulting Services								
Package Number	General Description	Estimated Value \$ (M)	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
IC/M	Individual Consultants including one international consultant	1.0	Multiple	ICS	Prior	Q1 2016 (national); Q3 2016 (International)	NA	

### 1.3 Indicative List of Packages Required Under the Project

45. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sample)]	Bidding Procedure <sup>7</sup>	Comments <sup>8</sup>

Consulting Services							
Package Number	General Description	Estimated Value (cumulative) \$ (M)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
TRG -1	Training Programs	1.0	Multiple	FBS/ICS	Prior	BTP/STP	TBD during implementation

## 2. National Competitive Bidding

### General

46. The procedures to be followed for national competitive bidding shall be those set forth in the Public Procurement Rules 2004 [S. R. O. 432 (1)/2004] issued on the 9th June 2004 by the Public Procurement Regulatory Authority Ordinance 2002 (XXII of 2002) of the Islamic Republic of Pakistan with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB Procurement Guidelines.

### Registration

47. Bidding shall not be restricted to pre-registered firms and such registration shall not be a condition for participation in the bidding process.

48. Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

### Prequalification

49. Normally, post-qualification shall be used unless prequalification is explicitly provided for in the loan agreement/procurement plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

### Bidding Period

50. The minimum bidding period is twenty-eight (28) days prior to the deadline for the submission of bids.

### Bidding Documents

51. Procuring entities shall use the applicable standard bidding documents for the procurement of goods, works and services acceptable to ADB.

### **Preferences**

52. No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

### **Advertising**

53. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper or freely accessible, nationally-known website allowing a minimum of twenty-eight (28) days for the preparation and submission of bids. NCB contracts estimated to cost \$500,000 or more for goods and related services and \$1,000,000 or more for civil works will be advertised on ADB's website via the posting of the Procurement Plan.

### **Bid Security**

54. Where required, bid security shall be in the form of a bank guarantee from a reputable bank.

### **Bid Opening and Bid Evaluation**

- (i) Bids shall be opened in public.
- (ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated bidder.
- (iii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (iv) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the ADB's prior concurrence.
- (v) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted.

### **Rejection of all Bids and Rebidding**

55. Bids shall not be rejected and new bids solicited without the ADB's prior concurrence.

### **Participation by Government-owned enterprises**

56. Government-owned enterprises in the Islamic Republic of Pakistan shall be eligible to participate as bidders only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

**ADB Member Country Restrictions**

57. Bidders must be nationals of member countries of ADB, and offered goods and services must be produced in and supplied from member countries of ADB.

**D. Consultant's Terms of Reference**

58. The outline terms of reference (TOR) for each are given in Annex 2.

## VII. SAFEGUARDS

59. **Social Safeguards:** The due diligence performed during the fact finding mission confirmed that PNHRP consists 17 scattered sections and 33 bridges in four projects consisting of N-95 (packages i-vi); N-55 (seven scattered sections); and N-15 and N-50 (each having two sections). The 33 bridges and carriageway fall within the existing rights-of-way (ROW) already owned by National Highway Authority. The project designs have been completed and reviewed by NHA and design review consultants, based on which new land acquisition is neither expected in bridges (which will be constructed within existing carriageways) nor in carriageways.

60. Due diligence conducted during the preparation of the project confirmed that the rehabilitation works will be conducted within the existing ROW. Impact to minor encroachments to some sections of the ROW can be avoided through some adjustments in the civil works. Hence, no involuntary resettlement impacts are anticipated from the project. The Project has been categorized as C for involuntary resettlement, but will be monitored closely by a Resettlement Specialist engaged by the PMU during implementation to ensure that impacts to encroaching structures are avoided. Provisions will be made in the civil works contracts to allow for minor adjustments to avoid impacting structures along the road sections and bridges to be rehabilitated. This Land Acquisition and Resettlement Framework (LARF-the framework) has been prepared to (i) address any unforeseen adverse impacts during implementation and (ii) compensate the displaced persons (DPs) in accordance with the country's Land Acquisition Act of 1894 (LAA, and the ADB's Safeguard Policy Statement 2009 (SPS). Copy of LARF is attached as Annex 3

61. The environment and social units (ESU), established at PMU under FERP are functional with environment and social focal persons deputed to the units. These units (one at PMU and one at PIU in north) will continue to function under PNHRP. The ESU at PMU will also be managing the projects in the south. The capacity of ESUs will need to be strengthened by engaging a resettlement specialist before start of project to ensure adequate safeguards due diligence during loan implementation and fast track preparation and implementation of any resettlement plans in view of any expected or unanticipated LAR impacts.

62. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS)<sup>20</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS.

63. **Environment:** The National Highway Authority (NHA) shall ensure that the design, construction, operation and maintenance of roads to be financed under the project are carried out in accordance with Asian Development Bank's (ADB) Safeguard Policy Statement (SPS, 2009), the applicable laws and regulations in Pakistan, and the initial environmental examination (IEE) and its environmental management plan (EMP). NHA shall ensure that potential adverse environmental impacts arising from the project are minimized by implementing all the mitigation and monitoring measures in the EMP. NHA shall ensure that:

- (i) The EMP is to be updated based on surveys of the alignment once the detailed design is available and prior to the implementation of civil works;

<sup>20</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

- (ii) NHA has sufficient resources to implement and record the implementation of the EMP;
- (iii) The contractor prepares and submits to NHA and ADB a site specific environmental management plan (SSEMP) prior to commencing any construction works. The SSEMP will be tailored to the environmental impacts of the site and the specific project activities as planned by the contractor;
- (iv) The contractor is responsible for the day to day implementation of the SSEMP with NHA EALS visiting regularly to confirm implementation;
- (v) NHA, with the help of a construction supervision consultant, will submit to ADB semi-annual environmental reports for the project within 1 month of the close of each half of the calendar year during project implementation, and the reports will include a review of the progress on environmental measures in the EIA and EMP, monitoring of such measures, problems encountered and remedial measures taken;
- (vi) The detailed engineering design and civil works and other contracts for the project incorporate applicable environmental measures identified in the EIA and the EMP;
- (vii) The project GRM will be implemented, all environmental related complaints will be recorded in the complaints register on site and will be addressed through the procedures set up in the GRM;
- (viii) Should any change in scope take place the EA will inform ADB and a due diligence on environment will be carried out. Should any additional study be required it will be conducted, or the EIA updated as required by SPS 2009. If there are any unanticipated environmental impacts, they would be reviewed and a corrective action plan will be prepared by the contractor for implementation under the supervision of EALS with assistance, as required by the supervision consultant.

### **VIII. GENDER AND SOCIAL DIMENSIONS**

64. As per ADB's guidelines the proposed project is classified as "General Intervention" (GI), having indirect social and poverty impacts, hence dedicated action plans will not be required. Based on the review of secondary information and data shared by National Highway Authority (NHA), the proposed project will offer significant project benefits for the post-flood (2010) affected population including safety in mobility, lowered transportation costs, reduced travel time, reduced shipment time for edible/perishable agriculture products and increased returns from the tourism industry. The project will offer significant employment opportunities for the local labour hired for the construction and other related services. The project will also support improved capacities in post-disaster management of traffic restoration and reconstruction activities which will improve the quality of post-disaster response and provide immediate relief to the local commuters and general public in case of future flooding.

65. Considering the design and scope of the proposed project, project do not offer direct gender benefits. However, better connectivity and increased access to social services such as health, education and other economic opportunities, the proposed project will indirectly benefit the women and girls. As per ADB's gender mainstreaming guidelines, the project is classified as "No Gender Elements" (NGE), which does not require a Gender Action Plan (GAP), but the project will undertake certain measures during project implementation to ensure women's issues and concerns are addressed and that there are no adverse impacts on women. These gender actions include: (i) Ensure that women's concerns are addressed through the grievance



mechanisms established; (ii) Encourage the recruitment of women in road projects, as feasible, and (iii) Contractors' bidding documents include provisions on equal pay for men and women performing the same type of work, as well as creating a safe and enabling working environment for women workers.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Project Design and Monitoring Framework

<b>Impact the Project is Aligned with</b> Economic and social recovery in the affected areas of the 2010 floods <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<p><b>Outcome</b></p> <p>Efficient and safe movement of traffic on the national highways and efficient management of traffic restoration during emergencies</p>	<p>a. By the end of 2021, designated traffic speeds are maintained along the proposed sections of the national highways. (2015 baseline: N-15: 20-30 km per hour; N-50: 20-30 km per hour; N-55: 30-40 km per hour; and N-95: 20-30 km per hour)</p> <p>b. By the end of 2020, NHA's disaster management capacity is strengthened for post-disaster traffic restoration (including traffic management and emergency procurement)</p>	<p>a.-b. Project progress reports prepared by NHA, PMC, and ADB consultants</p>	<p>The project area suffers from subsequent flooding.</p>
<p><b>Outputs</b></p> <p>1. National highway network system (including bridges) repaired and rehabilitated</p> <p>2. DMUs established and staff trained</p>	<p>1. 212 km of damaged national highways and 33 bridges repaired, rehabilitated, and reconstructed by the end of 2020</p> <p>2a. DMUs in NHA's headquarters and 10 regional offices operationalized by Dec 2018 (2015 baseline = 0)</p> <p>2b. 12 NHA operations staff trained in post-disaster emergency traffic restoration management by the end of Jun 2018 (2016 baseline = 0)</p> <p>2c. 3 NHA operations staff trained in managing procurement under emergency conditions by the end of Jun 2018 (2016 baseline = 0)</p>	<p>1-2. Progress reports prepared by NHA, PMC, and ADB consultants</p>	<p>Frequent lateral movement (reassignment) of the trained staff may reduce built capacity.</p>

<p><b>Key Activities with Milestones</b></p> <p><b>1. National highway network system (including bridges) repaired and rehabilitated</b></p> <p>1.1 Sample bidding documents and request for proposal for recruiting PMC prepared by the executing agency by 31 Mar 2016.</p> <p>1.2 All national and international competitive bidding civil works contracts awarded by 31 Oct 2016.</p> <p>1.3 PMC mobilized before 31 Oct 2016.</p> <p>1.4 Monitoring and grievance redress system developed by 31 Dec 2016.</p> <p>1.5 Civil works completed by the end of 2020.</p> <p><b>2. Disaster management units established and staff trained</b></p> <p>2.1 Consultant recruited by the end of Dec 2016.</p> <p>2.2 Needs assessment, operational plans, preparations, nomination of trainees, and development of training program completed by the end of Jun 2017.</p> <p>2.3 Training sessions completed by the end of Jun 2018.</p> <p>2.4 Equipment and software procured by the end of Dec 2017.</p>
<p><b>Project Management Activities</b></p> <p>Initial requirement and activity plan for (implementation support) individual consultants developed during loan fact-finding mission.</p> <p>Individual consultants' terms of reference and work plans finalized by ADB and the executing agency by the end of Mar 2016.</p> <p>Individual consultants mobilized by 31 Apr 2016.</p> <p>First safeguard (land, social, gender) monitoring report produced by Oct 2016.</p> <p>Supervision consultants mobilized by 31 July 2016.</p> <p>Review missions fielded every quarter.</p> <p>Midterm review mission fielded in Q3- Q4 2018.</p>
<p><b>Inputs</b></p> <p>ADB: \$196,900,000 (OCR loan)</p> <p>Government: \$21,900,000</p>
<p><b>Assumptions for Partner Financing</b></p> <p>Not Applicable</p>

ADB = Asian Development Bank, DMU = disaster management unit, km = kilometer, NHA = National Highway Authority, OCR = ordinary capital resources, PMC = project management consultant, Q = quarter.

<sup>a</sup> ADB and the World Bank. 2010. *Pakistan Floods 2010 Preliminary Damage and Needs Assessment*. Islamabad.

Source: Asian Development Bank.

## B. Monitoring

66. Project performance monitoring To monitor progress of the project in achieving the planned outcome and outputs, the EA will establish and maintain a Project Performance Monitoring System (PPMS), in accordance with ADB's Project Performance Monitoring System Handbook not later than six (6) months after project implementation begins, which will be updated on a semi-annual basis. A draft PPMS will be designed to permit adequate flexibility to adopt remedial actions regarding project design, schedules, activities, and development impacts. The draft PPMS will include the following indicators, among others: (i) project outcome, outputs and inputs, (ii) safeguards compliance, (iii) gender and social dimensions, and (iv) compliance with loan covenants.

67. At the beginning of project implementation, the PMU will develop comprehensive PPMS procedures to systematically generate data in the above areas in consultation with implementing agencies and with the assistance of consultants. The PCUs and PIUs will refine the PPMS framework, confirm achievable targets and monitoring and recording arrangements, and

establish relevant systems and procedures. The PMU staff, with the support of a team of consultants, will collect baseline and progress data to develop the PPMS, and regularly monitor and report on PPMS activities. The PPMS procedures, performance indicators and their targets will be reviewed and approved by ADB.

68. **Compliance monitoring:** The loan covenants on policy, legal, financial, economic, environmental, labor standards, and others will be monitored regularly through various reports (monthly progress reports, quarterly progress reports, and annual reports), and discussion during review missions

69. **Safeguards monitoring:** The internal safeguards monitoring will be required to identify any emerging LAR issues and risks during implementation and monitor LARP implementation (where applicable). Internal monitoring will be carried out by ESU regularly, with assistance from the resettlement specialist and reported to ADB on a semi-annual basis. In sections or subprojects with LAR impacts, ESU will certify the implementation of any LARPs or payments to DPs before construction commencing in any sections of the roads. The first monitoring report will need to be provided to ADB before start up of any construction works

70. **Environment monitoring:** The environmental management plan (EMP) will be monitored and reported to ADB bi-annually with the assistance of supervision consultant team, the performance and results of which (through EMP reports) will be uploaded in ADB and NHA websites. Construction environmental monitoring is a day to day process, which ensures that departures from the EMP are avoided or quickly rectified, or that any unforeseen impacts are quickly discovered and remedied. Specific actions in the EMP that are to be monitored are included in the environmental impact assessment. These include the preparation of plans for aspects of the work, such as construction camps, borrow pits and quarries, establishing crusher and asphalt facilities, and a site safety plan, which need to be completed and approved during the preconstruction phase. Also included are air, noise, and water quality monitoring parameters that follow related Pakistan national standards, and regular monitoring of the condition of the road surface, bridges, culverts, drainage structures and slope protection structures. In addition, information on the locations, type and consequences. If there are any unforeseen safeguards impacts or incidents these will be reported to ADB immediately for necessary action. The format of the semi-annual environmental monitoring report is attached in Annex 4.

71. **Gender and social dimensions monitoring:** Based on the Summary Poverty Reduction and Social Strategy (SPRSS, RRP link document), the proposed project is classified as General Intervention (GI) and will be indirectly addressing social and poverty issues. Hence dedicated action plans will not be required. Environment and Social Units (ESUs) established at PMU and PIU level will be responsible for the due diligence related to social and gender impacts (if any) required during the project implementation. Given the scope and nature of the project the project has been categorized as “No Gender Elements” NGE which does not require a Gender Action Plan.

### C. Evaluation

72. A project inception mission will be fielded within two months of loan effectiveness. ADB will conduct regular (at least three times per year) review missions during project implementation to assess implementation performance and progress towards achievement of project outcome and outputs; examine financial progress; and identify issues and constraints affecting the project and agree with the EA time-bound action plans for their resolution. A mid-term review mission will also be undertaken within 24 months of loan effectiveness. This review

will include a comprehensive assessment of project performance, identify any problems and constraints affecting project implementation, and reach agreement with the EA on required changes to address project shortcomings. The EAs will monitor project implementation in accordance with the schedule and time-bound milestones, and keep ADB informed of any significant deviations that may result in the milestones not being met. The EA will submit the mid-term review report to ADB three (3) weeks in advance of the planned mid-term review. This will be used as a basis to thoroughly assess project performance and progress towards meeting the expected outcomes and impacts, and agree on any necessary changes to Project scope or implementation arrangements. Within 6 months of physical completion of the Project the EAs will submit a project completion report to ADB.<sup>21</sup>

## D. Reporting

73. The NHA will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed.

## E. Stakeholder Communication Strategy

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience</b>
PID	ADB website	ADB	Initial PID no later than 30 calendar days after approval of the Loan; quarterly afterwards	General public
DMF	ADB website	ADB	Draft DMF within 14 days after Fact-finding mission	Project-affected people
Environmental Planning Documents	ADB website	ADB	Draft environmental assessment review framework within 10 days after Fact-finding mission	General public, project-affected people in particular
Report and Recommendation of the President	ADB's website	ADB	Within 2 weeks of Board approval of the project	General public
Project Administration Manual	ADB website	ADB	Within 2 weeks of Board approval of the project	General public
Summary Poverty Reduction and Social Strategy	ADB website	ADB	Within 2 weeks of Board approval of the project	General public
Audited project financial statements	ADB website	ADB	Within 30 days of receipt by ADB	General public

<sup>21</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience</b>
and audit report				
Social and Environmental Monitoring Reports	ADB website	ADB	Upon receipt from borrower/sponsor	General public, project-affected people in particular
Major Change in Scope	ADB website	ADB	Within 2 weeks of approval of the change	General public
Progress Reports	ADB's website	ADB	Within 2 weeks of circulation to Board or management approval if applicable	General public
Completion Report	ADB website	ADB	Within 2 weeks of circulation to the Board for information	General public
Evaluation Reports	ADB website	ADB	Routinely disclosed	General public
<b>Project Implementation</b>				
General advisory on the project and all aspects of implementation and safeguards as it applies to beneficiaries	Information note in local language, hard copy, to all potential beneficiaries	EA/PMU	One time, within first 2 months of project effectiveness	Beneficiaries
Advisory on how to access official project docs	Information note in local language, hard copy, to all potential beneficiaries	EA/PMU	One time, within first 2 months of project effectiveness	Beneficiaries

ADB = Asian Development Bank, DMF = design and monitoring framework, EA = executing agency, IA = implementing agency, PID = project information document.

## **X. ANTICORRUPTION POLICY**

74. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>22</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>23</sup>

75. To support these efforts, relevant provisions are included in the loan agreement and project agreement and the bidding documents for the Project. To support these efforts, relevant provisions are included in the loan and project agreement and the bidding documents for the Project. The Government will comply with, and will ensure that NHA complies with, ADB's Anticorruption Policy (1998, as amended to date). The Government, consistent with its commitment to good governance, accountability and transparency, agrees (a) that ADB has the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the project; and (b) to cooperate fully with any such investigation and to extend all necessary assistance, including providing access to all relevant books and records, as may be necessary for the satisfactory completion of any such investigation. In

<sup>22</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>23</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

addition, the Government will (a) conduct periodic inspections on the contractors' activities related to fund withdrawals and settlements; (b) ensure that all contracts financed by ADB in connection with the project include provisions specifying the right of ADB to audit and examine the records and accounts of all contractors, suppliers, consultants, and other service providers as they relate to the project; and (c) the construction supervision consultant shall verify the contractors' invoices in accordance with working drawings and contract specifications.

## **XI. ACCOUNTABILITY MECHANISM**

76. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>24</sup>

## **XII. RECORD OF PAM CHANGES**

77. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

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<sup>24</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

# **Project Procurement Risk Assessment Report**

**National Highway Development Investment Program – Project 2  
Construction of Four Lane Motorway Gojra - Shorkot (M4 Section II)<sup>25</sup>**

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**June 2015**

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<sup>25</sup> Project procurement risk assessment for Construction of Four lane Motorway Gojra-Shorkot (M-4 Section II) is also being used for this project.



## **EXECUTIVE SUMMARY**

1. National Highway Authority (NHA) is the EA for National Highway Development Investment Program – Project 2. The project relates to construction of four lane motorway Gojra - Shorkot (M4 Section II). NHA has successfully completed project 1 (M4). The procurement function is centralized in NHA. Procurement and Contract Administration (P&CA) section is responsible for procurement of goods, works and services in NHA. It is also responsible for overall coordination with other departments of NHA such as Design, Planning, Operations and office of the chairman NHA. The P&CA staff is adequately qualified and possesses required experience and skills. The staff is also fully familiar with ICB procedures for procurement of goods and works under ADB procurement guidelines. Whenever required, P&CA extends desired support to PMU, if any. Procurement function is performed by P&CA and not by a PMU.

2. The main challenges being faced in NHA include (i) weak coordination between various departments; (ii) complex bureaucratic systems causing project start-up delays; (iii) multiple layers of review and approving authorities. Due to afore-mentioned challenges the overall assessment of project procurement risk is Moderate.

Following mitigation measures may be adopted to mitigate and manage the risks:

- Increased procurement support;
- Increased support for streamlined review and approval processes;
- Provide continuous capacity building support from resident mission to the EA during the procurement process;

## **I. INTRODUCTION**

3. National Highway Authority (NHA) is the EA for National Highway Development Investment Program – Project 2. The project relates to construction of four lane motorway Gojra - Shorkot (M4). NHA has successfully completed project 1 (M4). The procurement function is centralized in NHA. Procurement and Contract Administration (P&CA) section is responsible for procurement of goods, works and services in NHA. It is also responsible for overall coordination with other departments of NHA such as Design, Planning, Operations and office of the chairman NHA. The P&CA staff is adequately qualified and possesses required experience and skills. The staff is also fully familiar with ICB procedures for procurement of goods and works under ADB procurement guidelines.

4. The assessment was prepared in accordance with the Guidelines for Assessing Country, Sector and Project Procurement Risks. The project procurement risk assessment was undertaken from 17-25 June 2015. The EA has full familiarity with undertaking competitive procurement processes consistent with ADB Guidelines. Preparation activities included reviewing documents, ADB's ongoing procurement experience, interviews and discussions with counterpart (General Manager, P&CA and his team).

## **II. PROJECT PROCUREMENT RISK ASSESSMENT**

### **A. Overview**

5. The risk ratings of individual elements of the executing agency (EA) are assessed as

Low and Moderate. The P&CA is mandated to procure goods, works and services including under ADB procurement guidelines. The P&CA staff is fully familiar with the competitive procurement processes involved in procurement of goods, works and services. However, the main challenges come from the complex internal control and bureaucratic mechanisms/systems. The General Manager P&CA is a full time staff of the department. Organizational and staff capacity and processes for information management, procurement practices, effectiveness and accountability measures are simple and satisfactory and deficiencies can be addressed by additional capacity building and facilities.

### **Organization and Staff Capacity**

#### Risk Assessment:

6. Overall risk rating for the organizational and staff capacity is assessed as Low.

7. The project in hand is project 2 of National Highway Development Investment Program. The EA has implemented project 1 and several other ADB funded projects including one recently completed Flood Emergency Reconstruction Project (FERP). The P&CA staff is fully familiar with the procurement of goods, works and services under ADB Procurement Guidelines. The staff is also familiar with the national procurement framework (Public Procurement Rules 2004). The job descriptions of the staff are generally not in writing. However, there is some institutional arrangement which enables the new entrants to learn and build up capacity. Every new staff, transferred from any other department of the EA, is given on job training by a senior/junior staff. Public Procurement Regulatory Authority (PPRA) has the capacity to tailor specialized procurement training program in the EA that may enhance the effectiveness and efficiency in delivery of outputs.

### **Information Management**

#### Risk Assessment:

8. Overall risk rating for the information management is assessed as Low.

9. The EA is required to maintain the complete details including evaluation reports, original bids, contract and correspondence of the procurement process either awarded or annulled for five years. The EA keeps record for 10 years as an old institutional practice and managing it in the same spirit. In addition, the EA has maintained referencing system which provides unique identification number of each procurement activity. When feasible, the IT is used for keeping track of procurement record. It is however felt that with the increase in work load; the EA will be requiring designated human resource for document control and information management.

### **Procurement Practices**

#### Procurement of Goods and Works

#### Risk Assessment:

10. Overall risk rating for the "Procurement of Goods and Works" is assessed as Moderate.

11. The EA is fully familiar with procurement procedures/documentation involved in procurement of goods, works and services in general and under ADB procurement guidelines in particular. The EA has been engaged in implementation of project 1 of the same Loan National Highway Development Investment Program.

12. The real challenges come from the weak coordination between various departments of NHA, complex bureaucratic mechanisms which consume lot of time and cause delays. The original bids are opened and evaluated. The copies are kept in lock and key. The evaluation report prepared by the evaluation committee is subject to review by a higher authority. After the review is complete, and subsequent comments have been incorporated, the evaluation report is sent to NHA executive board which reviews the evaluation results before approval. Meanwhile, the BERs are also shared with ADB for prior review and concurrence. The average time taken for completion of procurement process and award of contract is assessed as more than 300 days. Due to these delays in finalization of evaluation and procurement process the risk rating is assessed as Medium. NHA has procedures to verify a bidder's legitimate existence, track records, financial capacity and capacity to complete the job but as most of the firms are regular bidders; these procedures are not often used. In NHA, most of the bidders have a long history of bidding for departmental contracts.

### **Consulting Services**

#### **Risk Assessment:**

13. Overall risk rating for the "Consulting Services" is assessed as Moderate.

14. The real challenges come from the weak coordination between various departments of NHA and complex internal control and bureaucratic mechanisms which consume lot of time and cause delays. The evaluation report prepared by the evaluation committee is subject to review by a higher authority. The efficiency is compromised due to time taken for internal review as well as for ADB prior review and concurrence. After the review is complete, and subsequent comments have been incorporated, the evaluation report is sent to NHA executive board which reviews the evaluation results before approval by the board. The average time taken for the finalization of procurement process and award of contract is more than 400 days. Due to these delays in finalization of evaluation and procurement process the risk rating is assessed as Medium.

### **Effectiveness**

#### **Risk Assessment:**

15. Overall risk rating for "Effectiveness" is assessed as Low.

16. The contractual performance is systematically monitored and reported. The EA monitors and tracks its contractual payment obligations. A complaints resolution mechanism is described in national procurement documents. There is a formal non-judicial mechanism for dealing with complaints. The procurement decisions and disputes are supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment

### **Accountability Measures**

#### **Risk Assessment:**

17. Overall risk rating for "Accountability Measures" is assessed as Low.

18. To ensure transparency and business ethics, an integrity pact is required to be signed by the Supplier/Contractor/Consultants for all procurements above PKR 10 Million. It is, however, pertinent to note that detail provisions on conflict of interest leading to in-eligibility do not exist in the local regulations. Though a paragraph is added on conflict of interest in PPRA regulations

for consulting services but detailed provisions as in case of ADB's guidelines are not found. The EA's accountability mechanism in place is simple and governed by EA's conduct rules. The chairman NHA approves procurement transactions, bidding documents, IFB, and RFP etc. The chairman also approves evaluation reports before sending them to the executive board. In general the accountability mechanism is satisfactory and also not complex that can impede the progress of projects.

## **B. Strengths**

19. The existing P&CA department has full capacity to undertake procurement of goods, works and services under ADB procurement guidelines. In addition, there is adequate record keeping infrastructure and robust document retention policy. The staff is keen to learn new challenges. However, their stay/tenure in the P&CA is uncertain. Staff is seconded and may be transferred back to any other department of NHA any time. There is an obvious risk of losing all the capacity building efforts and institutional memory. The EA has adequate ethics and anticorruption measures in place.

## **C. Weaknesses**

20. As mentioned above the real challenges are (i) weak coordination between various departments; (ii) complex bureaucratic systems causing project start-up delays; and (iii) multiple layers of review and approving authorities.

## **III. CONCLUSION**

21. The NHA procurement risk assessment completed in June 2015 identified the main procurement management challenges for NHA as: (i) weak coordination between various departments; (ii) complex bureaucratic systems causing project start-up delays; and (iii) multiple layers of review and approving authorities. To mitigate these risks, NHA has agreed to engage consultants to increase procurement support, increase support for streamlined review and approval processes, and coordinate with the Public Procurement Regulatory Authority and arrange a series of training programs for the procurement practitioners. Based on these agreed mitigation measures, the project arrangements are considered satisfactory.

## **Appendices:**

- A.** P-RAMP:
- B.** Procurement Plan:
- C.** Filled-in Questionnaire:

### Procurement Risk Assessment and Management Plan (P-RAMP)

Risk Description	Risk Assessment	Mitigation Measure
i. Weak coordination within the EA; ii. Complex bureaucratic set up causing project start-up delays; iii. Multiple layers of review and approving authorities	Moderate	Specific mitigation / management actions including but not limited to: -Increased procurement support ;  -Increased support for streamlined review and approval processes;  -Provide continuous capacity building support from resident mission to the EA during the procurement process;

## **Outline Terms of Reference: Project Management Consultants**

### **BACKGROUND**

1. Pakistan experienced the worst floods in 80 years. The floods began in late July 2010 in the mountainous North West and swept away one fourth of the country especially the alluvial plains of the Indus Basin. Floods have caused widespread damage to public infrastructure, with roads submerged and tens of bridges swept away. The National Highway Network consisting of the main transport corridors, provide inter-provincial linkages and connections to the neighboring countries was extensively affected. NHA instantly responded to the emergent situation in accordance with its Disaster Management Strategy to restore the traffic on the vital links. Traffic has been restored on most of the highways and stabilization of embankments and structures is continuing. However the highways have to be rehabilitated to the pre flood standards and at places have to be built back better.
2. NHA require the services of Project Management Consultants to carry out construction supervision & contract administration, implementation & monitoring of resettlement plans & Environmental Management plans where required.
3. The consultancy services would be required for period of 30 months. Total input of 1794 person months would be required for the assignment with 76 person months of international experts and 1718 person months of domestic services. The consultant will report to and work under the overall guidance, coordination and direction of General Manager (PNHRP), National Highway Authority.

### **Objectives**

4. The overall objectives of this assignment are:-
  - a. Prepare, monitor and evaluate the implementation of environmental management plan, land acquisition & resettlement plan and other social safeguard measures by the contractor and client.
  - b. Ensure that high quality construction is achieved in time within budget and that all work is carried out in full compliance with the approved engineering designs, technical specifications, agreed work schedule, and within the terms and conditions of all other contract documents and sound engineering practices;
  - c. Demonstrate the efficacy of contract administration and supervision by independent external agencies.
  - d. Promote technology transfer and the introduction of modern Contract Administration practices within NHA.

### **SCOPE OF WORK**

#### **General Duties & Responsibilities of the Consultants.**

5. The general duties & responsibilities of the consultant include but are not limited to the following;

- a. The Project Management Consultants (PMC) will prepare a report, setting out all findings and recommendations for correcting any defects or omissions identified. Notwithstanding these, the PMC will immediately inform the employer of any defect or omission that may have a substantial impact on the Project, at the time the defect or omission is uncovered.
- b. The consultants will prepare the EIA reports, SIA reports, evolve LARP/EMP, implement and monitor the LARP and EMP.
- c. The Consultant will be designated as the “Engineer/Project Manager” for all civil and ancillary works financed under the project. The consultant will administer the civil works contracts, make engineering decisions, be responsible for quality assurance, provide general guidance and furnish timely responses to the contractors in all matters relating to the civil works, and ensure that all clauses of the contract agreement between the civil works contractors and NHA are respected.
- d. The consultant will advise NHA on all matters relating to the efficient and successful execution of the civil works contracts, and will act at all times to protect the interests of the project and will take all reasonable steps to keep the construction costs to a minimum, consistent with sound economic and engineering practices; and will prepare a “Contract Administration and Construction Supervision Manual” outlining routines and standard operating procedures to be applied in contract administration and construction supervision, based on sound internationally recognized practice.

**6. Contract Administration & Construction Supervision.** The Consultant will be designated as the “Engineer/Project Manager” for all civil and ancillary works financed under the project. The consultant will administer the civil works contracts, make engineering decisions, be responsible for quality assurance, provide general guidance and furnish timely responses to the contractors in all matters relating to the civil works, and ensure that all clauses of the contract agreement between the civil works contractors and the National Highway Authority (NHA) are respected. The consultant will advise NHA on all matters relating to the efficient and successful execution of the civil works contracts, and will act at all times to protect the interests of the project and will take all reasonable steps to keep the construction costs to a minimum, consistent with sound economic and engineering practices; and will prepare a “Contract Administration and Construction Supervision Manual” outlining routines and standard operating procedures to be applied in contract administration and construction supervision, based on sound internationally recognized practice. The PMC while supervising construction works will make all necessary arrangements for quality control and implementation of the works. The task of the Consultant will include but not be limited to:

- a. Give Notice to contractor to commence works.
- b. Assure submission and advise NHA on the adequacy of the Contractors’ insurance policies, performance bonds, and advance payment guarantees.
- c. Review and approve the Contractor’s work programs and progress schedules ensuring that the Contractors have incorporated/followed the most effective and expeditious methodology of carrying out the works; and advise the Contractors in setting up a computerized project control system for reporting physical and financial progress as well as the forecasts, if included in the bids and/or if demanded later on by the NHA. Subsequently, closely monitor the construction progress on regular basis to determine whether it is proceeding in accordance with the approved work program.

- d. Provide advance advice to NHA concerning the Schedule of handing over of sites, and possible delays due to lack of possession with a view to assure that the Contractors are given Possession of Site in accordance with the agreed work programs.
- e. Assess minimum construction equipment, plant and machinery requirements, by type and specification, and monitor, keep and regularly update a list of the Contractors' equipment, plant and machinery in order to keep a check on the Contractors' mobilization. Inspect and evaluate the Contractor's establishments including in particular the laboratory facilities to ensure compliance with the terms and conditions of the Contract Agreement.
- f. Assure the receipt of and maintain as permanent records of all warranties required under terms and conditions of the Contract Agreement for materials including their source and equipment accepted and incorporated in the project.
- g. Without relieving the Contractors of their obligations under the Contract, check and approve the contractors' Working Drawings, Method Statements and Temporary Works proposals;
- h. Without relieving the Contractors of their obligations under the Contract, review and approve the traffic management and safety plan, and ensure compliance such that the Works are carried out at all times in a safe and secure manner and damage or injury to persons or property is avoided.
- i. Assure that the Contractors have all necessary data for setting out and check the Contractors setting out including staking the right-of-way limits, centerline, and grade and confirm permanent monuments in the construction area.
- j. Inspect quarries and borrow pits, and crushing plants, and order tests of materials and ensure adherence to specifications, and approve the sources of materials.
- k. Without relieving the Contractors of their obligations under the Contract, monitor the Contractors' laboratory testing, evaluate the Portland cement concrete and bituminous mixture designs prepared by the Contractors, and recommend improvements (if any) to ensure the desired performance, and accord approval thereof.
- l. Assure quality of the works during construction, continuously inspect the soils and materials; construction operations and the works with regard to workmanship and compliance with the specifications; and carry out independent testing in the field and/or in the "Engineer/Project Manager" laboratory, and approve or disapprove and certify the works that conform with the specifications and maintain permanent records of results of all the tests made.
- m. Give notice to the Contractors of any defects and deficiencies, and issue instructions for the removal and substitution of the improper works, where provided under the contract. If required, order suspension of the work(s) and/or recommend to NHA other recourse available under the Contract.
- n. Attend and make measurement and computation of quantities of the completed works, or any work which is about to be covered or put out of view before permanent work is placed thereon, and maintain permanent records of all such measurements, and keep the measurement books and records in safe custody.
- o. undertake project performance monitoring and evaluation in accordance with the Project Framework and ADB's *Project Performance Management System (PPMS) Handbook* including the baseline data survey and the following annual survey and reporting up to project completion;
- p. Monitor and appraise progress of the works, and maintain a day by day project diary which shall record all events pertaining to the administration of the contract, requests from and orders given to the Contractors, and any other information which may be at a later date be of assistance in resolving queries which may arise concerning execution of the works.



- q. Issue monthly-consolidated progress reports on a format to be agreed with the NHA including payment estimates and comments on the Contractors' work programme, and advise NHA of any problems or potential problems which might arise and cause delay in implementation and recommend corrective action(s) to be taken.
- r. Check the Contractor's periodic statement of the estimated value of work completed and certify that these statements clearly and accurately describe the value of work executed on the value of the quantities of the items in the "Bill of Quantities".
- s. Issue the interim certificates to NHA for payment to the Contractors on the basis of "Measured Work Items", having regard to any contractual provisions for advance payment, variation of price, and exchange rate fluctuation etc. Certify the completion of the Activities/Works or parts thereof and process final payments to the Contractors.
- t. Assist with interpretation of the Contract Documents, explain and or reconcile any ambiguities and or discrepancies in the Contract Documents, and apply various provisions of the contract documents; and provide NHA all relevant documentation needed for settling disputes (if any) with the Contractors, and make recommendations to NHA for resolving the Contractors' escalation claims, contract time extensions, variation orders, subletting, additional cost, rate and price fixing etc.
- u. Advise NHA on need for effective liaison with local authorities, police, landowners, utility owners, the public and other organizations affected by the Works in order to minimize or avoid unnecessary delays or disputes.
- v. Carry out the following duties related to environmental mitigation with particular reference to the technical requirements of sound environmental standards on the basis of ADB's *Environmental Guidelines for Selected Infrastructure Development Project (Highways & Roads)* during construction. (i) prepare a site specific Environmental management Plan in accordance with Environmental management Frame work (ii) Ensure that all the environmental mitigation measures required to be implemented are incorporated into the contract documents. (iii) the Contractors comply with all necessary requirements contained in the Environmental Framework and Environmental management Plan (iv) ensure that the day-to-day construction activities are carried out in an environmentally sound and sustainable manner; (iii) develop good practices construction guidelines to assist the Contractors and NHA staff in implementing the Framework; and (v) prepare and submit monthly progress report on the implementation 'Environmental management Plan (EMP) to NHA and ADB (vi) in the event of occurrence of any unexpected environmental impacts, coordinate with the Project Implementation Unit (PIU) of NHA, to provide necessary mitigation measures.(vii) Prepare due diligence and environmental monitoring reports periodically as required by ADB/NHA.
- w. Carry out following tasks related to Land Acquisition and Resettlement Plan (i) assist PIU identifying emerging LAR issues and risks and in implementation and monitoring of all activities outlined in the LARP (where applicable) (ii) Conduct consultation and informal interviews with DPS, as required (iii) update socio economic surveys (iv) conduct sample surveys (iv) prepare monthly monitoring reports (v) Prepare Due Diligence Reports when required by ADB or NHA. (vi) prepare resettlement plan if required, based on the Resettlement Framework agreed by NHA and ADB.
- x. HIV/AIDs and Human Trafficking. Monitor that the contractors comply and carry out required actions as provided in the respective contract documents, such as awareness and education of laborers and workers. Ensure that the contractor does not involve child labor for the execution of the civil works contracts in accordance with the provisions of the contract agreement

- y. Jointly inspect with NHA the completed civil works, and assist in formal taking over and review and approve or prepare "as built" drawings and plans (as the case may be), and provide report(s) testifying to the satisfactory completion of the contracts.
- z. Inspect the completed works periodically during the defect liability period within the term covering the Consultant's Agreement, prepare lists of deficiencies (if any), and carry out supervision of the remedial works, and issue the Defects Liability certificates after the rectification of notified defects by the Contractors.
- aa. Assist NHA in settling any Audit Para's and Objections raised, and prepare replies related to the project, and provide the entire relevant documents/papers/letters etc. to support the replies – until one year after completion of works. It is estimated that 3-5 staff months could be required for this service.
- bb. Establish a comprehensive system of maintaining site records including site correspondence, inspection records, test data, site diaries, records of meetings, financial records, progress records etc.
- cc. Provide any other specialist services requested by NHA under conditions to be mutually agreedensure that the construction methods as proposed by the contractor for carrying out the works are satisfactory, inspection of contractor's construction equipment; and safety of the works, property, personnel, and general public; the schedule of mitigation measures for adverse environmental impacts;

### **Staffing**

7. The program will be implemented over a period of four years including the defects liability period, which will be 12 months. The staff for each package is expected to mobilize on the date of actual commencement of works by the contractors. The Team Leader supported by the required staff is expected to mobilize approximately one month in advance of the commencement of the works in order to assist NHA with activities leading up to mobilization of the Contractors. The details of staff along with qualification of key staff are attached (attached at Appendix A).

### **Reporting & documents requirements**

8. **Reporting and Documentation Requirements:** The Consultant will prepare and submit to NHA five copies of each of the under mentioned reports. The format of these reports shall be mutually agreed with the NHA. One copy shall be sent directly to the Asian Development Bank;

- a . **Inception Report:** The Consultant will submit an Inception Report at within one Month after mobilization. This will contain full detail of the consultant's supervision, & contract administration methodology and staff plan with supporting CVs of professional staff and projected monthly billing.
- b . **Monthly Contract Administration Reports:** The Consultant will, no later than the 10th of each month, prepare a narrative progress report summarizing:
  - (i) Construction progress during the month and cumulative to date for each individual contract drawing specific attention to any major causes of delay (administrative, technical or financial) with details of remedial action taken or recommended to the Employer.

- (ii) A comparison of actual and forecast expenditure both during the month and cumulative to date for each individual contract, and a record of the status of payment of the Contractors' monthly invoices, of all claims for cost or time extensions, and of actions required of NHA to permit unconstrained works implementation. The Consultant will also advise on the final estimated cost for each individual contract and draw attention to any major changes in the project budget including details of remedial action taken or recommended to the Employer.
  - (iii) Brief on all correspondence exchanged with the contractors particularly relating to contractual clauses, with financial and time implications.
  - (iv) Technical appreciation of any design or quality control problems for each individual contract including details of remedial action taken or recommended to the Employer.
  - (v) Status of compliance with the Environmental & resettlement Plans.
- c . **Annual Management Information Report at the end of each Financial Year:**  
The Consultant will prepare a comprehensive report summarizing all activities under the services at the end of each Financial Year, and also at other times when considered warranted by either the Consultant or NHA because of delay of the construction works or because of the occurrence of technical or contractual difficulties. Such reports shall summarize not only activities of the Project Engineer/ Manager but also the progress of the Contracts including all contract variations and change orders, the status of the Contractor claims, and brief descriptions of the technical and contractual problems being encountered and other relevant information for each of the ongoing contracts.
- d . **Environmental Monitoring Report.** A comprehensive environmental monitoring report, highlighting compliances and violation of EMP, encompassing contractor's camps, asphalt plants, work sites, maintenance of diversions etc with recommendations to improve.
- e . **Social Monitoring Reports.** A semi-annual report identifying emerging LAR issues and other concerns from communities, highlighting the progress on implementation of LARP (where applicable), documenting all activities including formal & informal consultation, gender issues, socio economic aspects, child labor, drug trafficking, hygiene & safety and other social aspects.
- f . **Technical Reports:** The Consultant will produce as necessary technical/ due diligence reports and position papers dealing with project matters during implementation.
- g . **Interim Contract Completion Reports:** The Consultant will prepare completion report for each contract within 30 days of issuance of Taking Over Certificate/Certification of Completion. This report shall summarize the implementation and financial history of the project. The defects list provided to the contractor and all outstanding claims pending resolution.

- h. **Final Project Completion Report:** The Consultant will prepare a comprehensive final Completion Report within 90 days after Issuance of the Taking Over Certificate of the last civil works contract. The Consultant will prepare a comprehensive final Completion Report for the project including each of the contracts and shall summarize the method of construction, as built record showing the location and details of all works carried out, all defects and certification of the satisfactory correction of such defects for each of the construction contracts, the construction supervision performed, and recommendations for future projects of similar nature to be undertaken by NHA.
- i. **Project Documentary Report.** The Consultant has to make documentary of all major activities during constructions as well as that of completed project sections to be submitted towards the end of the project. These should also pertain;
  - i. Laying and compaction of various pavement layers
  - ii. Operation of Asphalt and concrete Plants
  - iii. Quarry sites and laboratory activities
  - iv. Road after completion showing road furniture
  - v. Various important stages in construction of structures
  - vi. Any other major activity involved requiring specific mention
- j. **Revised PC-1.** The Consultant shall prepare and submit 80 copies (in stages) of revised PC-1 of the project (if required), before completion of the project, by incorporating all changes in the scope of work and, prepare completion report (PC-IV), at the completion of the project.

9. **Documents & Manuals Required.** The consultants will prepare following documents to be approved by the client for efficient contract administration & construction supervision.

- a. Contract Administration Manual
- b. Quality Control & assurance manual
- c. Laboratory Manual
- d. Environmental Monitoring Checklist
- e. LARP Monitoring Check list

**QUALIFICATION OF KEY STAFF (APPENDIX A)**

<b>S. No</b>	<b>Title</b>	<b>Professional Experience</b>	<b>Specific Expertise</b>	<b>Estimated man months</b>
<b>International Staff</b>				
1	Team Leader/Chief Resident Engineer	20 years	Minimum Bachelor's degree – preferably MSc in Civil Engineering/Construction Management (Project Management). Proven ten years international experience as 'Team Leader/Chief Resident Engineer' on one or more emergency reconstruction project(s) costing at least US\$ 250 million.	30 months
2	Lead Materials Engineer	15 years	Minimum Bachelor's degree – preferably MSc in Civil Engineering. Proven five years international experience as 'Lead Materials Engineer' on one or more major road project(s) costing at least US\$ 250 million. At least two years experience of asphalt concrete mixture design in countries with hot climate and/or truck overloading problem.	24 months
3	Lead Contracts Specialist	15 years	Minimum Bachelor's degree with a major in Civil Engineering, Law, Contracts, Purchasing, or Management – preferably MSc in Civil Engineering, Law, or Contracts/Procurement. Proven five years international experience as 'Lead Contracts Specialist' on at least two major road projects based on FIDIC-IV. Proven credentials in Contract Administration and Dispute Resolution and preferably experience/track-record of an arbitrator, mediator adjudicator, and dispute resolution adviser.	18 months
4	Lead Environmental Specialist	15 years	Minimum Bachelor's degree – preferably MSc in Environmental Engineering. Proven ten years international experience as 'Senior Environmental Specialist' on road projects. Preferably knowledge and experience in supervising Environmental aspects on donor financed projects.	4 months
<b>National Staff</b>				
5	Deputy Team Leader/	15 years	Minimum Bachelor's degree – preferably MSc in Civil Engineering/Construction Management. Proven ten years international/local experience as 'Senior Resident Engineer/Resident Engineer' on three or more NHA projects. ADB/ World Bank funded projects will be preferred.	30 months
6	Project Coordinators – 2	15 years	Minimum Bachelor's degree – preferably MSC in Civil Engineering with experience in planning and execution of at least three NHA projects. Experience on ADB/ World Bank funded projects will be preferred.	48 months

7	Resident Engineers – 6 Positions	15 years	Minimum Bachelor's degree – preferably MSc in Civil Engineering/Construction Management. Proven five years international/local experience 'Resident Engineer on three or more NHA projects. Experience on ADB/ World Bank funded projects will be preferred.	135 months
8	Materials Engineer 6 Positions	10 years	Minimum Bachelor's degree in Civil Engineering or MSc in Engineering Geology. Proven five years experience as 'Materials Engineer' on three NHA Projects or more major road project(s) with experience of asphalt concrete mixture design in countries with hot climate and/or truck overloading problem.	117 months
9	Highway Engineer 6 Positions	10 years	Minimum MSc preferably PhD in Transportation Engineering. Proven ten years international experience as 'Senior Highway Design Engineer' on two or more emergency reconstruction project(s) costing at least US\$ 250 million. Proven credentials in pavement structure and geometric design of highways.	117 months
10	Structures Engineer 6 Positions	10 years	Minimum MSc preferably PhD in Structural Engineering. Proven five years international experience as 'Senior Structures Design Engineer' on two or more emergency reconstruction projects project(s) costing at least US\$ 150 million. Proven credentials in Bridge Design, Flyovers, and Underpasses.	117 months
11	Contract Specialist - 1	10 years	Minimum Bachelor's degree with a major in Civil Engineering, Law, Contracts, – preferably MSc in Civil Engineering, Law, or Contracts/Procurement. Proven five years' experience as 'Contracts Specialist' on at least two major road projects.	27 months
12	Hydrologist - 1	10 years	Minimum MSc – preferably PhD in Hydrology. Proven five years' experience as "Hydrologist".	8 months
13	Social Resettlement Specialist - 1 &	10 years	Minimum Bachelor's degree – preferably MSc in Social Sciences. Proven three years experience as 'Social & Resettlement Specialist' on road projects supervising, monitoring and implementation of Land Acquisition & Resettlement Plans, and familiarity with the ADB safeguard policies.	24 months
14	Environmental Specialist - 1	10 years	Minimum Bachelor's degree in environmental engineering or MSc in Environmental Sciences. Proven three years experience as 'Environmental Specialist' on road projects supervising and monitoring environmental management plans on donor financed projects and familiarity with the ADB safeguard policies.	24 months

15	Grievance Officers-1	8 years	Post graduate qualification in community development, experience in community consultation, participation, mobilization and grievance handling. The Specialist will design the overall grievance system including its terms of reference and linkages to the ombudsman office.	24 months
16	Social Mobilizers - 1	8 years	A university degree in the social sciences or gender & development. Experience in developing & administering social survey questionnaires, collecting & collating data through field visits for mobilizing the community.	24 months
17	Gender Specialist -1	10 years	A master degree in sociology with experience in NGO, Govt. agencies or research institute with direct involvement in the development & implementation of gender mainstreaming features in developing projects	18 months
18	Senior Quantity Surveyor	15 years		27 months
19	Climate Change Adaptation Specialist - 1	10 years	An advanced university degree in civil engineering, environmental and natural resources engineering, or closely related field. At least 10 years of experience, five years of which should be in Central and West Asia and / or South Asia, in analysis of climate change impacts within the infrastructure sector, ideally including experience in quantitative analyses incorporating climate change projections in engineering design and in fields that are pertinent to the design and maintenance of transport infrastructure. Evidence of work relating to integrating climate change impacts into highway infrastructure design and maintenance in Central and West Asia and/or South Asia region. Demonstrated skills in communicating and working with professionals from other disciplines and cultures.	4 Months - Intermittent

# **Land Acquisition and Resettlement Framework Resettlement Planning Document**

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Project Number: 49191

January 2016

**PAK: Post-flood National Highways Rehabilitation Project  
(PNHRP)**

Prepared by:  
National Highway Authority  
Ministry of Communications,  
Government of Pakistan

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.



**ABBREVIATIONS**

ADB	-	Asian Development Bank
BOR	-	Board of Revenue
CAS	-	Compulsory Acquisition Surcharge
DP	-	Displaced Persons
DMU	-	Disaster Management Unit
ESU	-	Environment and Social Unit
FERP	-	Flood Emergency and Reconstruction Project
FGD	-	Focus Group Discussion
GRC	-	Grievance Redress Mechanism
IR	-	Involuntary Resettlement
LAA	-	Land Acquisition Act of 1894
LAC	-	Land Acquisition Collector
LARF	-	Land Acquisition and Resettlement Framework
LAR	-	Land Acquisition and Resettlement
LARP	-	Land Acquisition and Resettlement Plan
LDMS	-	Land Demarcation and Measurement Survey
NHA	-	National Highway Authority
NGO	-	Non Governmental Organization
OM	-	Operations Manual
OPL	-	Official Poverty Line
PIU	-	Project Implementation Unit
PNHRP	-	Post-flood National Highways Rehabilitation Project
PMU	-	Project Management Unit
PSC	-	Project Steering Committee
SPS	-	Safeguard Policy Statement

## DEFINITION OF TERMS

<b>Terms</b>	<b>Definition</b>
<b>Displaced Household:</b>	All members of a subproject affected household residing under one roof and operating as a single economic unit, who are adversely affected by the Project or any of its components; may consist of a single nuclear family or an extended family group.
<b>Displaced Persons:</b>	In the context of involuntary resettlement, displaced persons are those who are physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.
<b>Compensation:</b>	Payment in cash or in kind of the replacement cost of the acquired assets.
<b>Encroachers/Squatters</b>	People who have trespassed onto private, community land or existing right-of-way to which they are not authorized. If such people arrived before the entitlements cut-off date, they are eligible for compensation for any structures, crops or land improvements that they will lose.
<b>Entitlement:</b>	Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation, which are due to displaced persons, depending on the nature of their losses, to restore their economic and social base.
<b>Income Restoration:</b>	Reestablishment of income sources and livelihoods of DPs.
<b>Involuntary Resettlement:</b>	Land and/or asset loss, which results in a reduction of livelihood level. These losses have to be compensated for so that no person is worse off than they were before the loss of land and/or assets.
<b>Improvements:</b>	Structures constructed (dwelling unit, fence, waiting sheds, animal pens, utilities, community facilities, stores, warehouses, etc.) and crops/plants planted by the person, household, institution, or organization.
<b>Land Acquisition:</b>	The process whereby a person is compelled by a government agency to alienate all or part of the land a person owns or possesses to the ownership and possession of the government agency for public purpose in return for a consideration.
<b>Rehabilitation:</b>	Compensatory measures provided under the ADB Involuntary Resettlement Safeguards other than payment of the replacement cost of acquired assets.
<b>Relocation:</b>	The physical resettlement of an AP from her/his pre-program place of residence or business.
<b>Replacement Cost:</b>	The rate of compensation for acquired housing, land and other assets will be calculated at full replacement costs. The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and

restoration costs; and (v) other applicable payments, if any. In applying this method of valuation, depreciation of structures and assets should not be taken into account.

**Resettlement Impact:** The nature and value of livelihood loss caused by the acquisition of land and/or assets

**Vulnerable Groups:** Distinct groups of people who may suffer disproportionately from resettlement effects. These groups include households below the poverty line, the elderly, those without legal title to assets, landless, women, children and indigenous people.

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## I. INTRODUCTION

### A. The Project

1. The Post-flood National Highways Rehabilitation Project<sup>26</sup> (PNHRP) will (i) reconstruct and rehabilitate approximately 212 kilometers (kms) of national highways and 33 bridges, damaged during the floods of September 2010; (ii) establish Disaster Management Units (DMUs) in the head office and 10 regional offices of National Highway Authority (NHA); and (iii) train 15 DMU staff for post-disaster traffic management.

2. Floods of 2010 affected 20 million people and caused 1,800 deaths. About one-fifth of the country was under floods, with the total damage estimated at \$10 billion.<sup>27</sup> In 2011, ADB approved two loans for a total of \$650 million for the Flood Emergency Reconstruction Project (FERP) to assist the government in the reconstruction and rehabilitation of national highways, provincial roads, irrigation and drainage, and flood protection infrastructure. The original scope of FERP included 793 kms flood damaged roads, which were reprioritized during implementation as 344 kms due to various reasons.

3. For the remaining 212 kms of damaged highway sections and 33 bridges, ADB is now providing financing for PNHRP to NHA for completion of damaged sections and bridges. The PNHRP will restore critical physical infrastructure to sustain livelihoods and access to markets, as well as build capacity in the NHA through (i) specialized training for its operational staff for efficient management of traffic restoration and reconstruction activities post natural disasters; and (ii) operationalizing DMUs. The damaged road and bridges are located on (i) national highway N-55 (north-south corridor) passing through Khyber-Pakhtunkhwa, Punjab and Sindh provinces; (ii) the national highway N-95 linking Chakdara with Kalam in Khyber-Pakhtunkhwa province; (iii) the national highway N-15 linking Mansehra with Jalkhad in Khyber-Pakhtunkhwa province; and (iv) the national highway N-50 linking Dera Ismail Khan in Khyber-Pakhtunkhwa with Baluchistan.

4. Due diligence conducted during the preparation of the project confirmed that the rehabilitation works will be conducted within the existing ROW. Impact to minor encroachments to some sections of the ROW can be avoided through some adjustments in the civil works. Hence, no involuntary resettlement impacts are anticipated from the project. The Project has been categorized as C for involuntary resettlement, but will be monitored closely by a Resettlement Specialist engaged by the PMU during implementation to ensure that impacts to encroaching structures are avoided. Provisions will be made in the civil works contracts to allow for minor adjustments to avoid impacting structures along the road sections and bridges to be rehabilitated. This Land Acquisition and Resettlement Framework (LARF-the framework) has been prepared to (i) address any unforeseen adverse impacts during implementation and (ii) compensate the displaced persons (DPs) in accordance with the country's Land Acquisition Act of 1894 (LAA, and the ADB's Safeguard Policy Statement 2009 (SPS).

5. The framework sets out the safeguard principles, procedures, compensation, entitlements and implementation, disclosure and monitoring arrangements to be applied when preparing and implementing LARPs. The framework is endorsed by the National Highway

<sup>26</sup> ADB. 2014. *Country Operations Business Plan: Pakistan, 2015–2017*. Manila. In COBP, project was named as Flood Emergency Reconstruction Project – II. It is renamed to Post-flood National Highways Rehabilitation Project (PNHRP).

<sup>27</sup> ADB and the World Bank. 2010. *Pakistan Floods 2010 Preliminary Damage and Needs Assessment*. Islamabad.

Authority for its implementation strictly in accordance with LAA, SPS 2009, Project Administration Manual (PAM) and schedule 5 of the loan agreement. This LARF and any LARPs (if needed) will also be uploaded to ADB website and disclosed to the project stakeholders, displaced persons in particular.

## II. LEGAL AND POLICY FRAMEWORK

### A. The Land Acquisition Act (LAA) of 1894

6. The Pakistan law governing land acquisition is the LAA of 1894 and successive amendments. The LAA regulates the land acquisition process and enables the federal and provincial governments to acquire private land for public purposes and for companies through the exercise of the right of eminent domain. Land acquisition is a provincial responsibility and each province has made/adopted province-specific implementation regulations and rules.

7. A brief description of the salient features of different sections of LAA is given in Table 1 below. The right to acquire land for public purposes is established when Section 4 of the LAA is triggered. The LAA specifies a systematic approach for acquisition and compensation of land and other properties for development projects. It stipulates various sections pertaining to notifications, surveys, acquisition, compensation and apportionment awards, along with disputes resolution, penalties and exemptions. Surveys for land acquisition are to be disclosed to the displaced persons.

**Table 1: Salient Features of the Land Acquisition Act 1894 and Successive Amendments**

Key Sections	Salient Features of the LAA (1894)
Section 4	Publication of preliminary notification and power for conducting survey.
Section 5	Formal notification of land needed for a public purpose. Section 5a covering the need for enquiry.
Section 6	The Government makes a more formal declaration of intent to acquire land.
Section 7	The Land Commissioner shall direct the Land Acquisition Collector (LAC) to take order the acquisition of the land.
Section 8	The LAC has then to direct that the land required to be physically marked out, measured and planned.
Section 9	The LAC gives notice to all displaced persons (DPs) that the Government intends to take possession of the land and if they have any claims for compensation then these claims are to be made to him at an appointed time.
Section 10	Delegates power to the LAC to record statements of DPs in the area of land to be acquired or any part thereof as co-proprietor, sub-proprietor, mortgagee, and tenant or otherwise.
Section 11	Enables the Collector to make enquiries into the measurements, value and claim and then to issue the final "award". The award includes the land's marked area and the valuation of compensation.
Section 16	When the LAC has made an award under Section 11, he will then take possession and the land shall thereupon vest absolutely in the Government, free from all encumbrances.
Section 17	Urgency acquisition.
Section 18	In case of dissatisfaction with the award, DPs may request the LAC to refer the case onward to the court for a decision. This does not affect the Government taking possession of the land.

Key Sections	Salient Features of the LAA (1894)
Section 23	The award of compensation for the owners for acquired land is determined at its market value plus 15% in view of the compulsory nature of the acquisition for public purposes.
Section 28	Relates to the determination of compensation values and interest premium for land acquisition
Section 31	Section 31 provides that the LAC can, instead of awarding cash compensation in respect of any land, make any arrangement with a person having an interest in such land, including the grant of other lands in exchange.

## B. ADB's Policy Principles for Involuntary Resettlement

8. The ADB's policy principles for Involuntary Resettlement (IR) are summarized below:

- Screen the project early for IR impacts and risks
- Carry out meaningful consultations with displaced persons, host communities, and concerned non-government organizations, establish a grievance redress mechanism, and improve, or at least restore, the livelihoods of all displaced persons
- Provide physically and economically displaced persons with needed assistance,
- Improve the standards of living of the displaced poor and other vulnerable groups,
- Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement
- Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.
- Prepare and disclose a resettlement plan
- Conceive and execute involuntary resettlement as part of a development project or program
- Pay compensation and provide other resettlement entitlements before physical or economic displacement
- Monitor and assess resettlement outcomes, and disclose monitoring reports.

## C. Comparison of Key Features of LAA 1894 and ADB Policy Principles and Practices

9. A comparison between the LAA and ADB safeguard policy principles (SPS) with regard to key land acquisition and resettlement (LAR) aspects is shown in Table 2. The object of this exercise is to identify if and where the two sets of procedures are in conformity with each other and more importantly where there are differences and gaps. The key ADB Policy Principles are (i) screen the project early on in the planning stage; (ii) carry out meaningful consultation and establish a grievance redress mechanism; (iii) at the minimum, restore livelihood levels to what they were before the project and improve the livelihoods of affected vulnerable groups; (iv) promptly compensate at full replacement cost before physical and economic displacement; (v) provide DPs with adequate assistance; (vi) ensure that DPs who have no statutory rights to the land that they are working are eligible for resettlement assistance and compensation for the loss of non-land assets; and (vii) disclose all LARPs endorsed by government.

**Table 2: Comparison of Land Acquisition Act 1894 (LAA) and ADB Safeguard Policy Statement 2009 Gap Filling Measures**

Pakistan's Land Acquisition Act 1894	Gap Filling Measures (SPS 2009 requirements)
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Pakistan's Land Acquisition Act 1894	Gap Filling Measures (SPS 2009 requirements)
Only titled landowners or customary rights holders are recognized for compensation.	Lack of title should not be a bar to resettlement and rehabilitation support. Requires equal treatment of those without clear land titles (for example, squatters or other informal settlers) in terms of their entitlements for resettlement assistance and compensation for the loss of non-land assets.
Only registered landowners, sharecroppers and lease holders are eligible for compensation of crop losses.	Crop compensation is to be provided irrespective of the land registration status of the affected farmer/share cropper.
Tree losses are compensated based on outdated officially fixed rates by the relevant forest and agriculture departments.	Tree losses are to be compensated according to market rates based on productive age or wood volume, depending on tree type.
Negotiated Purchase, no LARP required. Procedures available through instructions and agreement signed.	Prepare LARP in accordance with the provisions detailed in the SPS (2009)
Land valuation is based on the median registered land transfer rate over the 3 years prior to Section 4 of the LAA being invoked. A 15% compulsory acquisition charges are paid over and above the assessed compensation. However, recent practice is that prices based on the average over the last one year prior to acquisition commencing is applied. Provinces have also issued instructions for assessing compensation to ensure displaced persons receive compensation at market price.	Replacement cost surveys undertaken by the EA and shared with assessors when determining compensation. Rate of compensation must be at full replacement costs with valuation of land and assets to be undertaken by qualified and experienced experts.
The valuation of structures is based on official rates, with depreciation deducted from gross value of the structure and also 15% of the value of salvaged materials.	The valuation of built-up structures is based on current market value but with consideration of the cost of new construction of the structure, with no deduction for depreciation.
The decisions regarding land acquisition and the amounts of compensation to be paid are published in the official Gazette and notified in accessible places so that the people affected are well informed.	Carry out consultations to inform potentially displaced persons about the likely impacts, finalization of award and payment of compensation. Disclose draft LARPs and their updates, as applicable.
There is no provision for income and livelihood rehabilitation measures. There are also no special allowances for vulnerable groups. There are no requirements to assess opportunities for benefit sharing. Untitled DPs are not entitled to rehabilitation support.	The ADB policy requires rehabilitation of livelihoods, and support during the relocation process. There are also provisions to be made to cover transitional period costs, and livelihood restoration. Particular attention must be paid to the poor and vulnerable groups, including women. A guiding principle is that DPs should at least be able to reach a defined minimum livelihood standard. In rural areas DPs should be provided with legal access to replacement land and resources to meet the defined minimum livelihood level. In urban areas provision should be made for appropriate income sources and the legal and affordable access to adequate housing. Untitled DPs have rights.



<b>Pakistan's Land Acquisition Act 1894</b>	<b>Gap Filling Measures (SPS 2009 requirements)</b>
Prepare and disclose land acquisition and resettlement plans LARPs. There is no law or policy that requires preparation of LARPs.	Resettlement plans are prepared and disclosed.
Grievance redress is established through the formal land acquisition process at a point in time or through appeals to the court	Provide mechanisms that are accessible locally and available throughout project implementation.
Only compensation is paid but not resettlement allowances, there is no mechanism to ensure payment is made before displacement	All compensation and allowances to be paid prior to physical or economic dislocation.
No requirements to prepare and disclose monitoring reports	Prepare and disclose monitoring reports
No special provisions to deal with support to displaced, vulnerable, and tribal groups.	Combined resettlement and indigenous peoples plan prepared

#### **D. Remedial Measures to Reconcile Gaps between the LAA 1894 and SPS 2009**

10. Project specific resettlement issues have been addressed to assist non-titled persons, and bridge the gap between existing practice and the main guidelines of SPS with regard to involuntary resettlement. To reconcile the inconsistencies between the LAA and SPS, NHA has drafted this framework. Provision of subsidies or allowances will be given for affected households that maybe relocated, suffer business losses, or maybe vulnerable. The content and complexity of a LARP will vary depending on the scale and severity of a subproject's impacts. An outline for preparing resettlement plans is in Annex 2.

#### **E. Land Acquisition and Resettlement Modalities and Procedures**

11. The preparation of LARPs, where required, and timely disbursement of compensation to the DPs fully depend on (i) availability of project design, (ii) impact assessment, (iii) valuation of land and assets including community assets, and (iv) identification and verification of owners/occupants and updated land records. Preparation of LARP and compensation disbursement is not only a time consuming process, but also depends on the availability of DPs and land records. In order to assist NHA and its Environment and Social Units (ESU), a dedicated resettlement specialist will be recruited under the loan to support the ESU in PMU and PIUs in timely identifying emerging LAR issues during implementation, and preparing the LARPs with the respective provincial Board of Revenue (BOR) staff.

12. In accordance with the LAA, a two-step procedure for land acquisition, if required, may be adopted, first negotiated purchase and if that fails expropriation. Negotiated purchase will be initiated on the written request of the acquiring department to the collector. The collector will constitute an independent committee consisting of the district collector and representatives of the acquiring department and DPs. The process of negotiation with the DPs will be completed within 60 days of the start of negotiations. If successful, the collector proceeds with registering the deed of sale between the parties. A LARP will be prepared describing the procedures followed including requirements detailed in the SPS for negotiated purchase.

13. To determine the price, the committee may consider the following: (i) the price paid for land recently acquired including in the vicinity; (ii) the price paid in private transactions based on the register of mutations and the record of the registration department; (iii) all other information

available including instructions provided in the LAA; and (iv) consultation with respectable people who are disinterested with regard to the value of the land. The price so determined must meet full replacement<sup>28</sup> costs of lost land and assets as explained in SPS 2009, SR 2 para 10. Table 3 provides procedures involved in the application of LAA.

**Table 3: Application of the Land Acquisition Act 1894**

Application of LAA	Procedures and Clearance
Negotiated Purchase and routine acquisition under the LAA	A LARP will document the procedures and valuation mechanism, and append a copy of the deed of sale. If negotiation fails, the LARP will provide details and document the routine procedures applied under the LAA and the SPS.

14. The following table describes the type of civil works required and measures to prepare and implement LARPs.

**Table 4: Civil Works and LARP Preparation**

Reconstruction on existing alignment.	No land acquisition and resettlement expected. Conduct sample spot checks on site and submit checklist and categorization forms to ADB for clearance prior to award of civil works contracts.
If during implementation of rehabilitation and reconstruction works is found requiring to go beyond existing ROW.	LARPs will be prepared and fully implemented before undertaking R&R works in such sections. This will need a third-party validation of full implementation of LARP.
Monitoring.	Any road sections for which a LARP may be required, NHA will provide quarterly monitoring reports to ADB confirming with evidence the LARPs or negotiated purchase has been implemented in accordance with the respective subproject LARP. In case of section-by-section construction, a third-party validation of LARP implementation, especially disbursement of full payments to the DPs will be required.
Contract award and construction start up	In case of any LAR impacts in any sections of the roads or bridges, a LARP will be prepared and approved by ADB before award of contract while construction will only start after full implementation of LARP, validated by a third-party.

## F. LAR Processing Procedures and Safeguard Documentation

<sup>28</sup> The rate of compensation for acquired housing, land and other assets will be calculated at full replacement costs. The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any. Where market conditions are absent or in a formative stage, the borrower/client will consult with the displaced persons and host populations to obtain adequate information about recent land transactions, land value by types, land titles, land use, cropping patterns and crop production, availability of land in the project area and region, and other related information. The borrower/client will also collect baseline data on housing, house types, and construction materials. Qualified and experienced experts will undertake the valuation of acquired assets. In applying this method of valuation, depreciation of structures and assets should not be taken into account.

15. The NHA with support of resettlement specialist (consultant) will prepare the screening checklists, and prepare LARPs (if needed) and monitoring reports.

16. The following criteria for subproject selection will be applied:

- (i) Avoid or minimize land acquisition from flood-affected households.
- (ii) Avoid subprojects that affect indigenous peoples.
- (iii) Reconstruct within the ROW of the existing alignment.
- (iv) Avoid or to the extent possible, minimize land acquisition and resettlement (LAR). Select subprojects that do not require land acquisition or resettlement, or subprojects on unencumbered government land.
- (v) Prepare and implement LARPs for all projects that have land acquisition and resettlement impacts.

#### **G. Procedure of Formulating a Land Acquisition and Resettlement Plan: Social Impact Assessment and Census**

17. If resettlement impacts are unavoidable in implementing a subproject, NHA with the support of resettlement specialist (consultant) and the revenue staff, will screen for iR impacts and formulate LARPs in parallel with subproject design according to the following procedure:

- (i) Complete the screening checklist. If land acquisition or resettlement is required, prepare LARPs.
- (ii) Conduct Focus Group Discussions (FGD) including, consultations with women and vulnerable households to (a) obtain stakeholder inputs regarding how to avoid or at least minimize involuntary resettlement, and (b) to identify their needs and preferences.
- (iii) LARPs will be based on detailed design, detailed measurement survey as well as inventory of lost assets and census based on the final revenue record and compensation prices approved by the BOR and respective agencies. ESU will assess replacement costs through independent assessments of sales (private and in sales registers), local materials for structure and other immovable assets replacement valuation, and updated crop and trees price assessments including, consultation with the relevant agencies on price assessments. Undertake (a) a socioeconomic survey including sex disaggregated data collection to identify gender impacts and establish the social and economic baseline to prepare LARPs.
- (iv) Conduct a census of DPs, complete an inventory of lost land and assets of all DPs and addresses of households, undertake the land demarcation and measurement surveys (LDMS).

#### **H. Consultation Participation and Disclosure**

18. The FGDs with DPs will identify their concerns and take into account special needs and considerations. Consultations will be gender inclusive and ensure vulnerable households are included. The decisions of such meetings will be recorded, and indicate the responsibility and timeline for implementing the decisions. Each LARP will document all public consultations held and the disclosure of resettlement information. During resettlement plan preparation, resettlement information will be disclosed to all DPs in their own language, and their views and opinions will be taken into consideration in finalizing the plans. Since many DPs are likely to be

non-literate, the LARPs will be explained to them in separate groups. Particular attention will be placed on including women and vulnerable groups in all consultations. Final LARPs will be translated into local languages and disclosed through public notices posted at NHA website, published in newspapers, and posted on ADB's website. The DPs will be closely consulted in resettlement site selection and livelihood restoration, as relevant.

19. The displaced communities have a diverse group of people belonging to different casts that participate in mainstream economic and political activities and are represented in public institutions, civil services, and educational institutions. Social inequalities and vulnerabilities in these communities usually arise from economic differentiation, as land is owned by a few large, powerful families who rent it out to others who cultivate crops and raise livestock. Individual projects are unlikely to change this dominant mode of economic system. However, vulnerabilities of all affected groups in the project areas will be identified through FGDs. This is to ensure effective consultations and that culturally- appropriate benefits will reach each displaced group. As part of this assessment, NHA will examine the vulnerability of different groups in terms of potential exclusion from subproject benefits, negative subproject impacts, and the need for specific culturally compatible mechanisms for participation by women, the permanently disabled, and other vulnerable groups. If any of the above are found in a subproject area, NHA will incorporate adequate measures to address such vulnerabilities in project design. If land acquisition or relocation becomes necessary, people's entitlements will be ensured through the resettlement plan that will be prepared in accordance with the framework.

20. ESU will disclose resettlement information and plans to all DPs in their own language. NHA will endorse the LARP before submission to ADB for review.

### **III. COMPENSATION ELIGIBILITY AND ENTITLEMENTS**

#### **A. Entitlements**

21. The entitlements for Compensation, Resettlement and Rehabilitation Assistance may be enhanced to mitigate and improve livelihoods of the DPs but not be reduced or lowered in any of the subproject LARPs. Details are provided in the entitlement matrix.

#### **B. Eligibility**

22. The DPs eligible for compensation or rehabilitation provisions under the Program are:

- (i) All land owning DPs losing land or non-land assets, i.e., crops and trees whether covered by legal title or traditional land rights, whether for temporary or permanent acquisition.
- (ii) Tenants and share-croppers, whether registered or not; for all non-land assets, based on prevailing tenancy arrangements.
- (iii) DPs losing the use of structures and utilities, including titled and non-titled owners, registered, unregistered, tenants and leaseholders plus encroachers and squatters.
- (iv) DPs losing business, income and salaries of workers or a person or business suffering temporary effects, such as disturbance to land, crops and business operations both permanently and also temporarily during construction.
- (v) Loss of communal property, lands, and public infrastructure.
- (vi) Vulnerable DPs identified through the impact assessment and FGD.

- (vii) In the event of relocation, all DPs will receive transitional and other support to reestablish shelter and livelihoods.

23. In order to avoid an influx of outsiders, compensation eligibility will be limited by a cut-off date for each subproject on the day of the beginning of the sub-projects impacts and census survey. The cut-off date will be announced through village institutions and in consultation meetings with DPs.

### C. Entitlement Matrix

24. Compensation and rehabilitation entitlements are summarized in the Entitlement Matrix in Table 5.

**Table 5: Entitlement Matrix**

Assets lost	Specification	Displaced Person	Compensation Entitlements
Residential/ commercial land		Owner (legal/legalizable)	<ul style="list-style-type: none"> <li>▪ Cash compensation at replacement cost<sup>29</sup> plus 15% compulsory acquisition surcharge (CAS) free of taxes, registration and transfer costs; or</li> <li>▪ Land for land compensation through provision of plots of comparable value and location as the lost asset, including transitional support.</li> </ul>
		Renter/leaseholder	<ul style="list-style-type: none"> <li>▪ Cash compensation value proportionate to the duration of the remaining lease period.</li> </ul>
		Encroacher/Squatter	<ul style="list-style-type: none"> <li>▪ Self-relocation allowance covering one year of agricultural income; or</li> <li>▪ Provision of a replacement plot in a public resettlement area.</li> </ul>
Agricultural land, including cultivable land and uncultivable wasteland	All land losses irrespective of impact severity	Owner	<ul style="list-style-type: none"> <li>▪ Cash compensation at (market value replacement cost plus 15% CAS, free of taxes, of registration and transfer costs; or</li> <li>▪ Land for land compensation through provision of plots of equal value and productivity as that lost.</li> </ul>
		Sharecropper/Tenant (registered or not)	<ul style="list-style-type: none"> <li>▪ Cash compensation equal to the market value of the share of lost harvests: two shares if the land loss is permanent, one if it is temporary.</li> </ul>
		Lease Tenant (registered or not)	<ul style="list-style-type: none"> <li>▪ Cash equivalent of the market value of the gross yield of lost land for the remaining lease years, and reimbursement of remaining lease cost. Or alternate lease arrangements...</li> </ul>

<sup>29</sup> The rate of compensation for acquired housing, land and other assets will be calculated at full replacement costs. The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any. Where market conditions are absent or in a formative stage, the borrower/client will consult with the displaced persons and host populations to obtain adequate information about recent land transactions, land value by types, land titles, land use, cropping patterns and crop production, availability of land in the project area and region, and other related information. The borrower/client will also collect baseline data on housing, house types, and construction materials. Qualified and experienced experts will undertake the valuation of acquired assets. In applying this method of valuation, depreciation of structures and assets should not be taken into account.

<b>Assets lost</b>	<b>Specification</b>	<b>Displaced Person</b>	<b>Compensation Entitlements</b>
		Encroacher/Squatter	<ul style="list-style-type: none"> <li>▪ Rehabilitation allowance equal to the market value of the harvest of lost land for one year (both rabi and kharif crops) in addition to standard crop compensation.</li> </ul>
Residential and commercial structures		Owner of the structure, including Encroachers/Squatters	<ul style="list-style-type: none"> <li>▪ Cash compensation at full replacement cost for affected structures and other fixed assets, free of salvageable materials, depreciation and transaction cost and also transportation cost; or if partial loss, full cash assistance to restore the remaining structure. Fees and taxes (if applicable) will be waived. The option of relocation and relevant support will be discussed during the focus group discussions and included in the LARPs.</li> </ul>
		Renter/Leaseholder	<ul style="list-style-type: none"> <li>▪ Cash compensation equivalent to three months' rent or a value proportionate to the duration of the remaining lease.</li> </ul>
Community Assets			<ul style="list-style-type: none"> <li>▪ Rehabilitation/substitution or cash compensation at full replacement cost of the affected structures and utilities.</li> </ul>
Businesses		All DPs so impacted	<ul style="list-style-type: none"> <li>▪ Cash compensation equal to income during the interruption period, as determined through the SIA and included in the LARP</li> </ul>
Employment		All DPs so impacted	<ul style="list-style-type: none"> <li>▪ Indemnity for lost wages for the period required to reestablish business as determined through the Social Impact Assessment (SIA) and included in the LARP.</li> </ul>
Crops	Affected crops	Cultivator of crop	<ul style="list-style-type: none"> <li>▪ Crop compensation in cash at the full market rate for one year's agricultural income (both rabi and kharif harvests). If sharecropped or a tenant then compensated according to shares.</li> </ul>
Trees	All affected trees	Owner	<ul style="list-style-type: none"> <li>▪ Fruit trees: compensation to reflect income replacement as assessed by Horticulture department based on market value of annual produce, projected for number of years the tree can potentially produce fruit.</li> <li>▪ Timber trees: trees grown and/or used for timber then compensation is to reflect the market value of tree's wood content, based on the wood measurement survey of forest department.</li> </ul>

Assets lost	Specification	Displaced Person	Compensation Entitlements
Relocation	Transport/transition costs	All DPs to be relocated	<ul style="list-style-type: none"> <li>▪ Provision of allowances to cover transport costs and transitional costs on actual cost basis at current market rates. If physical relocation of the affected households is required and requested by the displaced persons, appropriate relocation sites will be developed or through support provided to flood victims. The need for support during the transitional period will be assessed through the SIA and included in the LARP.</li> </ul>
Vulnerable DP livelihood support		Poor and female headed households and other vulnerable households, including the elderly or other groups as identified through the SIA.	<ul style="list-style-type: none"> <li>▪ Cash allowance equivalent to at least 6 months of inflation adjusted official poverty line (OPL) or minimum wages/month (whichever is higher) as fixed by the GOPb (in accordance with figures released by the Province) using the poverty line index or as determined through the social impact assessment surveys.</li> <li>▪ First priority for skills training under emergency support. Job placement program employing DPs in project reconstruction activities.</li> </ul>
Unidentified Losses	Unanticipated impacts	All DPs	<ul style="list-style-type: none"> <li>▪ Dealt with as appropriate during sub-project implementation according to the ADB policy.</li> </ul>

#### D. Land for Land Compensation

25. Land for land compensation has significant advantages in that it reduces the chance of displaced people spending their compensation on items that will not provide them with an alternative economic livelihood. However, in many locations there is limited land or land will not be available for immediate dispensation. In cases where DPs desire land for land compensation, then the process by which replacement land is identified needs to be recorded. When land for land compensation is used, along with provision of replacement housing, then the replacement plots are to include facilities and services such as water supply, sanitation, roads, drainage and electricity. The LARPs will detail the costs for site preparation and for the provision of these basic facilities including, transaction costs such as site survey, land registration. The LARPs will clearly detail site preparation and resettlement schedules and tenure arrangements. In managing the land for land relocation, the socio-cultural and religious characteristics of the displaced persons, gender considerations and host communities will be taken into consideration and the distance between the old and new locations should be minimized as far as is possible. If land for land cannot be found, the LARPs will clearly demonstrate the lack of land.

#### E. Implementation Arrangements:

26. To address the institutional limitations the following implementation arrangements will be established.

##### E.1 National Highway Authority

27. NHA will be the executing agency (EA). NHA has been implementing ADB-funded road projects and has acquired the necessary capacity to manage project implementation. The

Chairman of NHA will be responsible for overall supervision of the project. The NHA will establish a project steering committee (PSC) to provide policy direction and strategic oversight. The PSC will meet at least quarterly to ensure coordination, review implementation progress, and provide approvals and guidance as necessary. The proposed composition of the steering committee is provided below:

## **E.2 Project Steering Committee**

- Chairman NHA - Chair of the Steering Committee
- Member (Engineering Coordination) - Member
- Member (Planning) - Member
- Member (Finance) - Member
- GM (PNHRP) - Secretary / Co-opted Member

28. The project management unit (PMU) and the project implementation unit (PIU) established under FERP will continue to function for PNHRP project. These will handle day-to-day management of the project, through the project management consultants (PMC). Similarly, the Environment and Social Unit (ESU) already established within PMU and PIU, will continue to fulfill safeguard requirements with safeguards (environment and resettlement), financial management, and contract administration and project implementation capacity augmented through individual consultants recruited under the loan.

## **E.3 Environment and Social Unit**

29. Environment and Social Unit (ESU): Two ESUs (one at PMU and one in PIU in North zone) will be established within NHA (PMU and PIU), which will be headed by a Focal person environment and social safeguards and land acquisition staff assisted by a dedicated resettlement specialist (consultant) who will also assist ESU in identifying emerging LAR issues, and preparing, implementing, monitoring and disclosure of LARPs of subprojects.

30. The ESU will:

- (i) Work closely with resettlement specialist (consultant) for all LARP-related matters and capacity building of ESU in involuntary resettlement management;
- (ii) Prepare screening and categorization checklists and advise on emerging LAR issues during implementation;
- (iii) Conduct consultations and information disclosure
- (iv) Coordinate with relevant local agencies, particularly revenue departments;
- (v) Prepare LARPs
- (vi) Prepare and submit monitoring reports to ADB to confirm resettlement plans have been implemented;
- (vii) Implement all procedural requirements including translation and disclosure of LARPs;
- (viii) Support NHA and ensure the delivery of compensation and other entitlements and maintain records;
- (ix) Maintain a complete database of all affected persons, inventory of assets, payments and other relevant field data;
- (x) Develop a functioning grievance function with gender sensitive protocols and outreach and links to the provincial ombudsman's office; provide training to project staff to handle grievance and monitor progress.



- (xi) Maintain an MIS related resettlement and social development.

#### **E.4 Resettlement Specialist (consultant)**

31. The consultant will support ESUs in coordinating with government agencies, assist in preparing and implementing LARPs, and preparing and disclosing of monitoring reports. ESU and BORs and related local agencies will support the expeditious preparation, implementation and monitoring of LARPs. The consultant will work with the BOR and the ESU in: (i) consulting with affected communities and information disclosure (ii) preparing the revenue record and paper work required for finalizing the land awards (iii) supporting DPs in preparing their documents to receive compensation (iv) meetings to ensure transparency and maintain records (v) preparing monitoring reports to be provided to ADB for review (vi) supporting the functioning of the grievance mechanism, and (vii) establishing and maintaining a management information system to include all relevant information on DPs.

#### **F. Grievance Redress Mechanism**

32. Field level grievances will be addressed through a local grievance redress committee (GRC) to be formally constituted by NHA under each subproject. The GRC, headed by a Project Director, will consist of a grievance officer, a representative from the DPs, local NGO representative, the ESU's resettlement specialist and concerned revenue staff. The GRC will be formally notified and established at the project sites. The GRCs' will function as a forum for hearing complaints and exploring quick resolutions to resolving conflicts. The GRC will be required to develop an outreach program. Each GRC will record its deliberations and inform the concerned parties of a resolution within 2 weeks of its findings and recommendations. If the GRC cannot resolve the grievance, the DPs have the right to appeal to the courts. Communities will be informed about the GRC through the ESU outreach program. Grievance may also be addressed to ADB Office of Special Projects Facilitator.

33. To ensure women have access to the grievance mechanism, separate focus group discussions will be held with them to design protocols that are suited to their needs including procedures and mechanisms to enable their access to the mechanism, including, access to the provincial ombudsman's office. Outreach programs will be tailored to women's needs to ensure information is communicated to them.

#### **G. LARP Budgeting and Financing**

##### **G.1 Budget**

34. All LAR costs inclusive of compensation, resettlement and rehabilitation allowances livelihood and income restoration support form an integral component of project costs, and will be included in the LARP under separate budget lines indicating unit costs under separate heads. NHA will ensure adequate funds are available on time to implement the LARPs and will be responsible for financing and disbursing (i) all entitlements that are not payable under the requirements of the LAA; (ii) logistics to run the ESU including, translations and outreach and GRC functions; and (iii) any other functions related to ensuring the ESU functions effectively and delivers timely outputs.

#### **H. Monitoring and Evaluation**

35. Civil works will be monitored by the ESU for any emerging environmental and LAR issues and concerns from communities. Results of such monitoring will be incorporated into the regular progress report prepared for the project. In case there are subprojects with LAR issues, the land acquisition and resettlement process of each subproject will be monitored internally by ESU. Internal monitoring reports will be submitted by NHA on a semi-annual basis to ADB. The monitoring reports will be translated and disclosed to the DPs and placed on the project website by NHA.

## **Outline of a Land Acquisition and Resettlement Plan**

1. This outline is part of the Safeguard Requirements. A resettlement plan is required for all projects with involuntary resettlement impacts. The level of detail and comprehensiveness is commensurate with the significance of potential involuntary resettlement impacts and risks. The substantive aspects of the outline will guide the preparation of the resettlement plans, although not necessarily in the order shown. If indigenous people are affected, the plan will identify the risks and include special provisions to mitigate these risks.

### **A. Executive Summary**

2. This section provides a concise statement of project scope, key survey findings, entitlements, and recommended actions.

### **B. Project Description**

3. This section provides a general description of the project, discusses project components that result in land acquisition, involuntary resettlement, or both and identify the project area. It also describes the alternatives considered to avoid or minimize resettlement. The section is also to include a table with quantified data and provide a rationale for the final decision.

### **C. Scope of Land Acquisition and Resettlement**

4. This section:

- (i) discusses the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities;
- (ii) describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment project;
- (iii) summarizes the key effects in terms of assets acquired and displaced persons; and
- (iv) provides details of any common property resources that will be acquired.

### **D. Socioeconomic Information and Profile**

5. This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by sex, vulnerability, and other social groupings, including:

- (i) define, identify, and enumerate the people and communities to be affected; describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account;
- (ii) identify all households (including list of names) eligible for livelihood assistance to support livelihood loss due to delayed land compensation.
- (iii) discuss the project's impacts on the poor, and other vulnerable groups; and
- (iv) identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

## **E. Information Disclosure, Consultation, and Participation**

6. This section:

- (i) identifies project stakeholders, especially primary stakeholders;
- (ii) describes the consultation and participation mechanisms to be used during the different stages of the project cycle;
- (iii) describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders including women;
- (iv) summarizes the results of consultations with displaced persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan;
- (v) confirms disclosure of the draft resettlement plan to displaced persons and includes arrangements to disclose any subsequent plans; and
- (vi) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with displaced persons during project implementation.

## **F. Grievance Redress Mechanisms**

7. This section describes mechanisms to receive and facilitate the resolution of displaced persons' concerns and grievances. It explains how the procedures are accessible to displaced persons and provides access to women. It described the terms of reference, operating procedures; protocols outreach program and linkages to the provincial ombudsman's office.

## **G. Legal Framework**

8. This section:

- (i) describes national and local laws and regulations that apply to the project and identify gaps between local laws and ADB's policy requirements; and discuss how any gaps will be addressed;
- (ii) describes the legal and policy commitments from the executing agency for all types of displaced persons;
- (iii) outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods; and set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided; and
- (iv) describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

## **H. Entitlements, Assistance and Benefits**

9. This section:

- (i) defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
- (ii) identify and document the households who will be eligible for transitional livelihood support if compensation payments for land are delayed for six months;

- (iii) specifies all assistance to vulnerable groups, including women, and other special groups; and.
- (iv) outlines opportunities for displaced persons to derive appropriate development benefits from the project.

## **I. Relocation of Housing and Settlements**

10. This section:

- (i) describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);
- (ii) describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- (iii) provides timetables for site preparation and transfer;
- (iv) describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- (v) outlines measures to assist displaced persons with their transfer and establishment at new sites;
- (vi) describes plans to provide civic infrastructure; and
- (vii) explains how integration with host populations will be carried out.

## **J. Income Restoration and Rehabilitation**

11. This section:

- (i) identifies livelihood risks particularly to vulnerable and indigenous people (if affected) and prepare disaggregated tables based on demographic data and livelihood sources;
- (ii) describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets);  
outlines measures to provide social safety net through social insurance and/or project special funds;
- (iii) describes special measures to support vulnerable groups;
- (iv) explains gender considerations; and
- (v) describes training programs.

## **K. Resettlement Budget and Financing Plan**

12. This section:

- (i) provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation.
- (ii) describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items).
- (iii) includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost

- contingencies), plus replacement costs.
- (iv) includes information about the source of funding for the resettlement plan budget.

#### **L. Institutional Arrangements**

13. This section:

- (i) describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan;
- (ii) includes institutional capacity building program, including technical assistance, if required;
- (iii) describes role of nongovernment organizations (NGOs), if involved, and organizations of displaced persons in resettlement planning and management; and
- (iv) describes how women's groups will be involved in resettlement planning and management,

#### **M. Implementation Schedule**

14. This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline.

#### **N. Monitoring and Reporting**

15. This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of displaced persons in the monitoring process. This section will also describe reporting procedures.

### Involuntary Resettlement Impacts Categorization Checklist

Involuntary Resettlement Effects	Yes	No	Not Known	Remarks
<b>Involuntary Acquisition of Land</b>				
1. Will there be land acquisition?				
2. Is the site for land acquisition known?				
3. Is the ownership status and current usage of land to be acquired known?				
4. Will easement be utilized within an existing Right of Way (ROW)?				
5. Will there be loss of shelter and residential land due to land acquisition?				
6. Will there be loss of agricultural and other productive assets due to land acquisition?				
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
8. Will there be loss of businesses or enterprises due to land acquisition?				
9. Will there be loss of income sources and means of livelihoods due to land acquisition?				
<b>Involuntary restrictions on land use or on access to legally designated parks and protected areas</b>				
10. Will people lose access to natural resources, communal facilities and services?				
11. If land use is changed, will it have an adverse impact on social and economic activities?				
12. Will access to land and resources owned communally or by the state be restricted?				
<b>Information on Displaced Persons:</b>				
<b>Any estimate of the likely number of persons that will be displaced by the Project?</b>				[ ]
No [ ] Yes				
If yes, approximately how many? _____				
<b>Are any of them poor, female-heads of households, or vulnerable to poverty risks?</b>				[ ]
No [ ] Yes				
<b>Are any displaced persons from indigenous or ethnic minority groups?</b>				[ ]
No [ ] Yes				

Note: The project team may attach additional information on the project, as necessary.



# Bi-annual Environmental Monitoring Report

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Project Number: {XXXXXX}  
{Month Year}

{Full Country Name}: {Project Title}  
{(Financed by the <source of funding>)}

Prepared by {author(s)}  
{Firm name}  
{City, country}

For {Executing agency}  
{Implementing agency}



## Table of Contents

**I. INTRODUCTION**

- Construction activities and Project Progress during previous 6 months
- Changes in project organization and Environmental management team
- Relationships with Contractors, owner, lender, etc.

**II. Environmental Monitoring**

Environmental monitoring summary – summarise the previous six months monitoring data and provide explanations of any instances where environmental standards or guidelines are exceeded. Typically this will cover:

- Noise and Vibration
- Water Quality
- Air Quality
- Flora and fauna monitoring

Recommendations are required to show how any exceedences will be prevented in the future.

Graphs can be used in this section to show trends, however large tables of data or multiple graphs should be attached as an appendix.

**III. Environmental Management**

- EMS, SSEMP and work plans. Report on delivery of documents, required amendments etc.
- Site Inspections and audits – summarise the number and type of site visits
- Non-compliance notices – summarise the details on the number of notices given out and the issues covered. Summarise the ranking of issues.
- Corrective action plans - report on timeliness of preparation and completion
- Consultation and complaints – report on any consultation undertaken and list any complaints received.

**Annexes**

- Monitoring data
- Photographs
- Implementation report on EIA/IEE mitigation requirements

Reference	Requirement	Action to date	Action required/comment

